AMBUJA CEMENTS LTD.

Annual Report | 2007

GIVE A MAN ORDERS and
he will do the task reasonably well.
But let him set his own targets, give him
freedom and authority and his task
becomes a personal mission: 'I can'.

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BOARD OF DIRECTORS

Mr. Suresh Neotia, Chairman

Mr. N. S. Sekhsaria, Vice Chairman

Mr. Markus Akermann

Mr. Paul Hugentobler

Mr. M.L. Bhakta

Mr. Nasser Munjee

Mr. Rajendra P. Chitale

Mr. Shailesh Haribhakti

Mr. Nirmalya Kumar

Dr. Omkar Goswami

Mr. A.L. Kapur, Managing Director

Mr. P.B. Kulkarni, Whole-time Director

Mr. N.P. Ghuwalewala, Whole-time Director

Mr. B.L. Taparia, Whole-time Director and Company Secretary

Corporate Office:

106, Maker Chambers III,
Nariman Point,
Mumbai 400021.

Elegant Business Park,
MIDC Cross Road 'B',
Off Andheri-Kurla Road,
Andheri (East),
Mumbai – 400 059.

CHAIRMAN'S LETTER

Dear Shareholders,

It is my privilege to share with you our company's performance of 2007 at a juncture where the Indian economy is scaling never-before heights and is poised for a coveted position among the top economies in the world. A growth of 9.6% in 2006-07, following that of 9.4% recorded in the previous fiscal, is a commendable achievement. With substantial industrial and manufacturing growth, backed by sustained domestic consumption of goods and services, the economy is expected to clock close to 9% in 2007-08.

The cement industry accounts for approximately 1.3% of the country's GDP. With the continued thrust on infrastructure, the construction sector is bullish. This should translate into high cement consumption, which is expected to show sustained growth.

The industry has always been in the forefront in its endeavor of nation building. In 2006-07, it operated at 94% average capacity utilization, compared to 80-90% in the last few years, and is alive to face the challenge of providing high quality cement in the years to come. A very large capacity is in the pipeline to meet the increasing needs of the nation.

It's the same at Ambuja too. Having commenced with upgrading clinker capacity at Rabriyawas and commissioning grinding units at Farakka and Roorkee in 2007, we are spearheading this initiative and are committed to investing about Rs 3500 crore in the following years to add substantial clinker and grinding facilities across the country. This will provide us with enhanced volumes in core markets and help in maintaining market lead.

I am happy to inform you that during the year, the company sold 16.8 million tonnes of cement. Net sales were up by 18% to Rs 5705 crore over the previous year. Backed by higher dispatches and improved realizations, EBIDTA was up by 19% to Rs 2239 crore while net profit was up by 32% to Rs 1769 crore.

With active support from Holcim, the company continues to further enrich and benchmark its operations and capabilities. A number of initiatives in various fields are well under way. This

will help us maintain a competitive edge and will provide value addition to all the stakeholders.

We have always been proactive in promoting a clean environment and have extensively put to use the requisite technology right from inception. We are, in fact, pioneers in this area. The impact of global warming can now be experienced in our daily lives in the form of extreme climatic situations. Global warming is now on the top of international agenda. By proactively using technological advancements and engaging our community and government in our various initiatives, we continue to provide close focus on this crucial matter. What's more, we are trying to instill environment friendly habits in our people in day to day activities by avoiding waste of water, power and consumables. We are also leveraging Holcim's experience in this initiative.

We are committed to Clean Development Mechanism and Sustainable Development. I am happy that our stakeholders have always supported us in this endeavor.

We continue to support, guide and engage our communities directly and through Ambuja Cement Foundation (ACF) to make them self-sufficient and provide them with much-needed hygienic conditions. I am happy that the initiative is taking on a bigger role and is gradually developing into a kind of revolution for sustaining the well-being of our society.

People are our greatest strength. We have nurtured them over the years and they have shown their mettle by making this company a leader that we are all proud of. In order to develop their knowledge and skills further and to provide them with better motivation and working opportunities, we (with the support of a world renowned consultant) proactively engaged in an initiative called "People Power". The sole aim of this initiative is to promote "Healthy People and Healthy Plants".

The project commenced at Ambujanagar on pilot basis to provide the plant with a redefined organization structure with clear leadership positions. It also entails setting up an academy to harness the knowledge and skills of our people and disseminate it to other plants for wide spread application. This initiative will also ensure fitness of our plants in a proactive manner. We plan to introduce it to other plants for wider benefits. A renewed and greater thrust is being given to training and development of our people in close coordination with Holcim.

In view of the increase in the scale of our activities across India, the company operations have been regionalised into specific geographical business units under the control and

supervision of Business Heads. Besides, the empowerment of the regions have been done by providing substantial delegation of powers with the objective of faster decision making and bringing greater accountability. The corporate structure has been revamped and strengthened to provide ongoing support to regional outfits.

OH&S is accorded very high priority and engages all our people. We continue to pursue the policy of providing healthy and safe working environment to our people. The advent of Holcim has given renewed impetus to this initiative. DuPont provided detailed training to our various functionaries to disseminate knowledge and techniques with the objective of achieving "zero harm". The scope of this training, with internal resources, is widened to include all line functions through specific training within 2008. The challenge to bring about an attitudinal change in the mindset of the people continues and I am happy to say that there have been perceptible improvements.

I thank my management team for providing the company with strong leadership and clear vision at this crucial time. Our people, who work incessantly to bring us glory, are to be felicitated for making us proud. I also offer my sincere thanks to all of you for your continued faith and trust in us. Together, we shall re-write history.

With warm regards

Suresh Neotia

12th February, 2008.

FIVE YEAR PERFORMANCE

Rs. in Crores

	2003	2004	2005	2006 (18 Months)	**2007 (12 Months)**
Sales	1735	1968	2606	6268	**5705**
Operating Profit	513	587	799	2247	**2239**
Cash Profit	425	509	714	2168	**2163**
Profit before Tax	253	384	519	1842 ***	**2712** ***
Profit after Tax	222	337	468	1503	**1769**
Gross Block	3024	3782	3827	5177	**5928**
Net Worth	1612	2013	2172	3484	**4655**
Foreign Currency Convertible Bonds	461	–	–	–	**–**
Debt	1290	1270	1127	865	**330**
Cash EPS (Rs.)	27	28	5.28	14.29	**14.26**
EPS (Rs.)	14	19	3.46 *	10.09 *	**11.61** *
Dividend (%)	70	80	90 **	165	**175**
Capacity – Million Tons	9.00	12.86	13.30	16.30	**18.50**
Production - Million Tons	9.84	10.37	12.80	22.63	**16.86**

Note :

* On Face Value of Rs. 2 per share.

** Includes 30% on enlarged capital after issue of Bonus shares in the ratio of 1:2.

*** Includes exceptional items of Rs. 785.89 crores, previous year Rs. 47.52 crores.

It was a problem the world's finest minds couldn't solve.

Our engineers converted it into a 10% increase in production.

One day, our engineers noticed a strange occurrence in our cement mills in Rajasthan.

The vibration levels of the machines had risen alarmingly and the equipment had begun to disintegrate. It was a problem that had the potential to cause losses up to crores.

Our engineers acted swiftly. They flew all the way to Denmark to enlist the aid of the biggest cement machine manufacturer in the world.

A trouble-shooting team from Denmark was flown in post-haste.

After studying the problem, the team made their recommendations. Sadly, none of them worked. They immediately took the problem to leading professors and vibration analysts. The results were the same.

It was the kind of challenge our engineers thrive on.

They put their heads together. And a solution began to emerge.

The answer, they realised, was to isolate the driven equipment from the drive. This would enable them to pinpoint where the errant vibrations were coming from.

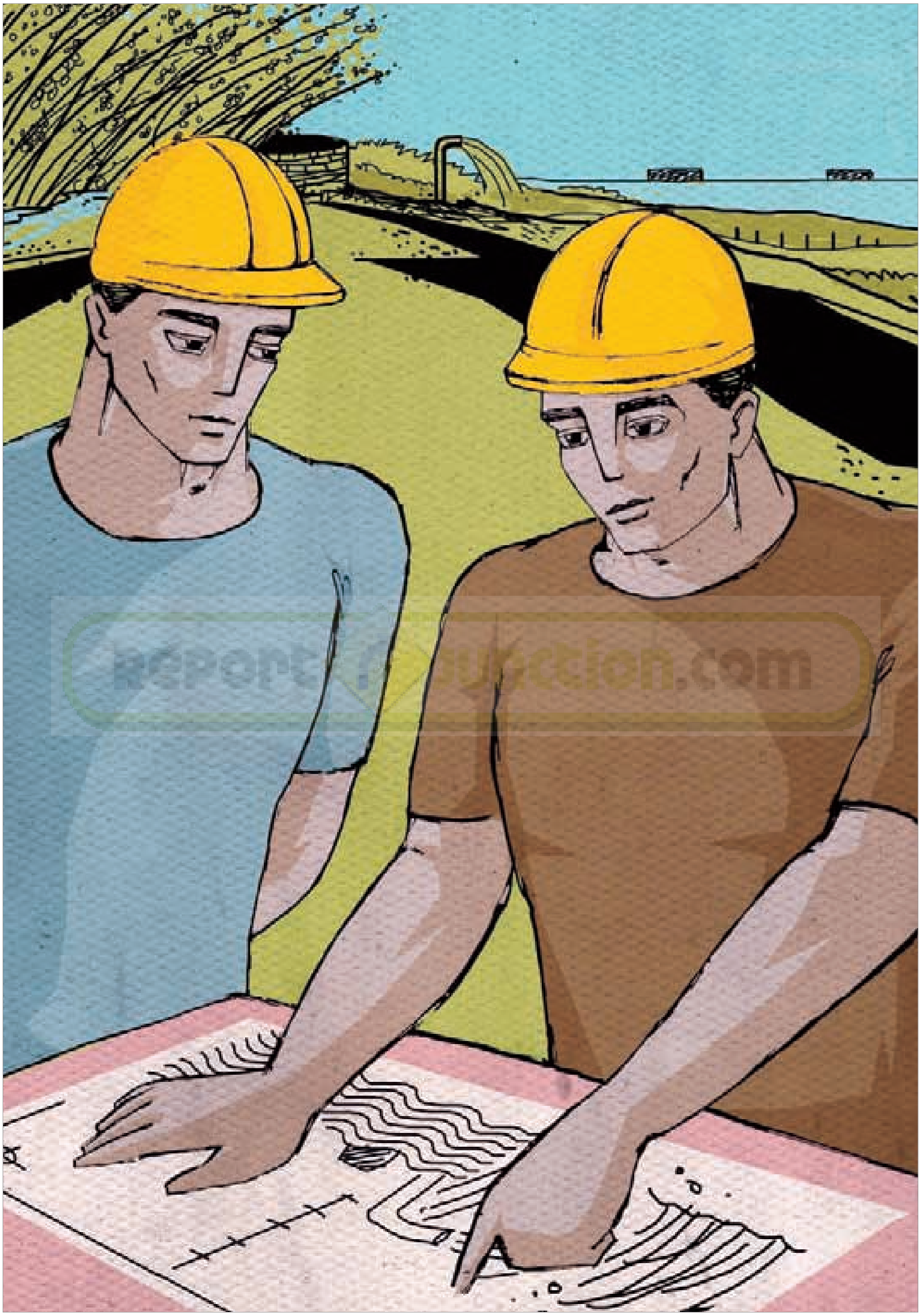
Each person was asked to scrutinize the machine they were in charge of. This way they were able to locate the problem and isolate the faulty machines from the good ones.

The results were most encouraging.

Vibration levels came down dramatically. And not a single breakdown was reported last year.

Not surprisingly, production went up by 10%. And what's more, the morale of our people reached an all-time high.

It just goes to show that with determination you'll find solutions that even elude the experts.



What does it take to raise the water table in a dry field by 14 ft?

Ingenuity.

Last summer, we encountered a particularly vexing problem that was affecting the residents of a remote village in Rajasthan.

The ponds in the village had become silted over time and held very little water. Even the rivers had become narrow due to silting. The water table had become very low and finding a steady source of water was becoming increasingly difficult.

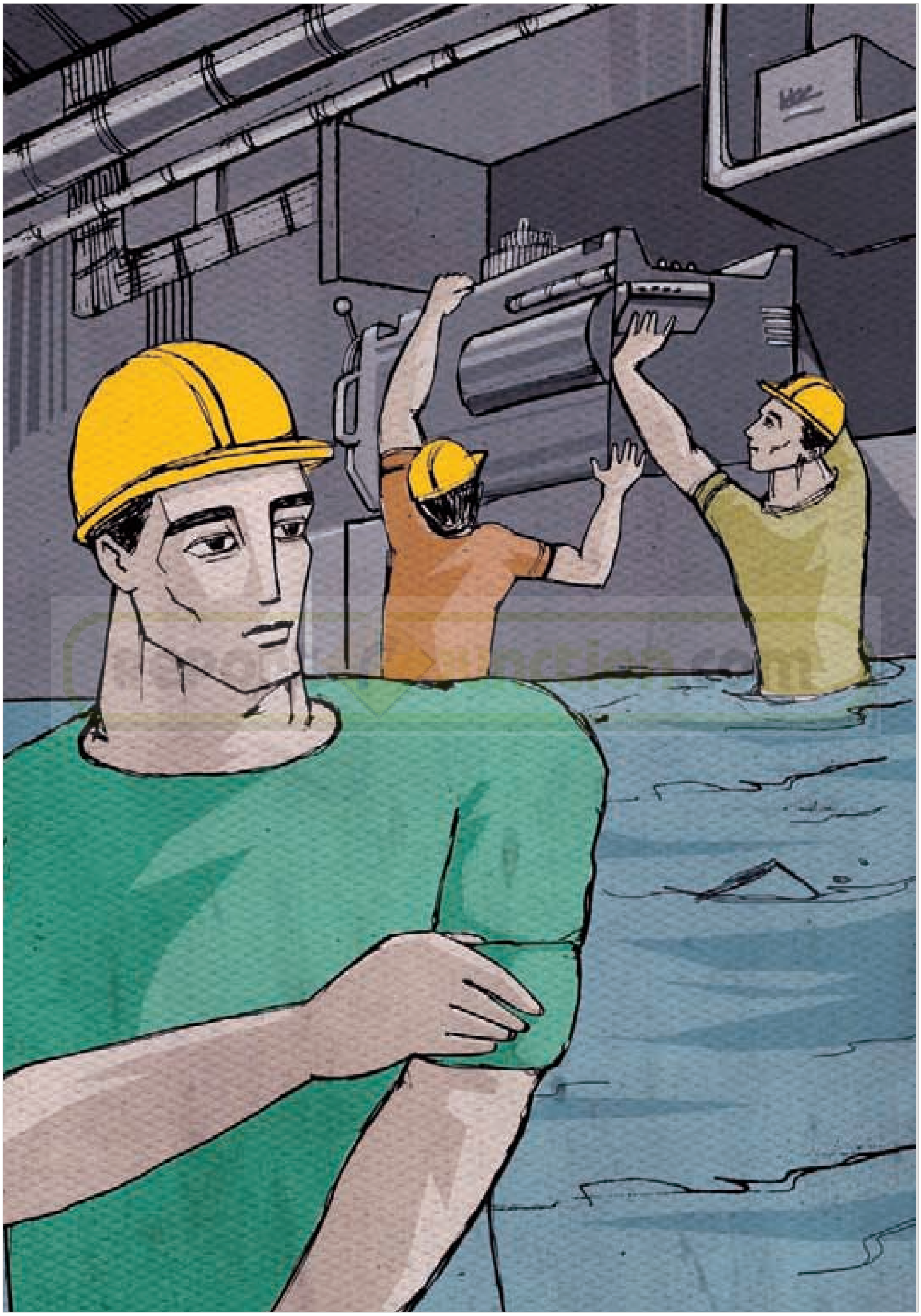
The engineers at Ambuja responded to the challenge with alacrity.

The traditional method of constructing check dams over the river surface wasn't effective enough. So they put their heads together and came up with an ingenious solution. One that was both simple and cost-effective.

They built structures, called dykes, deep inside the river bed, which directed water to flow horizontally across the land. Giving it the opportunity to come in contact with the river bed and seep in. Not only did this increase the water table in a larger area of land, it also provided water for a longer period of time during the year.

The results were most encouraging. The area under cultivation went up from 387Ha to an astounding 1059Ha in just a year.

It's another instance of how a little ingenuity from our people makes a big difference in the lives of those around them.



It was a flood of epic proportions. Thanks to our people, things were back to normal in a week.

It was the night of 7th August, 2007. A night we'll never forget.

It was the third day of torrential rains at Ambujanagar. The record 20" rain in the previous days had left a trail of devastation, submerging mining pits and agriculture fields in its wake. And there were no signs of it letting up.

Clearly, the worst was yet to come.

Soon, the mining pits in the area were overflowing. And water started flooding the plant.

It was a desperate situation, but our people did not panic.

Safety of those on the premises was the primary concern. So the first thing they did was to turn off the power in all the three plants.

Next, they shut down the thermal power plant operations and evacuated all personnel except the essential staff.

By now the water level had risen to 5'. To save sensitive equipment, one team began digging channels to divert water, while another team swiftly constructed temporary walls around the equipment area. Despite this, water started flowing in.

Showing remarkable presence of mind, our people waded into the rising water and physically carried the sensitive equipment worth crores to safety.

Ambujanagar received 16" of rain that night. But our people had the plants up and running in a week. And that too with zero accident.

It just goes to show that with grit and perseverance there's no adversity you can't overcome.

DIRECTORS' REPORT AND MANAGEMENT DISCUSSIONS & ANALYSIS

Dear Members,

The Indian economy posted a record growth of 9.6% in 2006-07, accelerating from 9.4% recorded in the previous fiscal, and is expected to clock close to 9% in 2007-08. The macro-economic fundamentals are favourable for a sustained, rapid and more inclusive growth. Industrial production recorded a growth of 10.63% in 2006-07, which is attributed mainly to the manufacturing sector which grew at 12%.

The cement industry accounts for approximately 1.3% of the country's GDP. In 2006-07, it recorded a growth of 9.8% over 11.2% achieved in 2005-06.

Integration of Indian economy with the world has manifested in a three-fold increase in foreign direct investment (FDI) flows into the country, from US$ 5.5 bn during 2005-06 to US$ 15.7 bn in 2006-07. The financial system is now more efficient and resilient than ever. The external sector has been strengthened and considerable foreign exchange reserves of US$ 275.55 bn or Rs.11.36 lakh crore (by December 2007 end) have provided a cushion to withstand unforeseen financial contingencies.

On the political front, it is expected that the country will continue to steer a course that successfully balances the maintenance of a vibrant democracy with the need for tough decisions to be taken sometimes, in order to support long term sustainable growth.

Infrastructure has tremendous potential to contribute to the national economy. Thrust is continued in several sectors such as roads, railways, irrigation, water supply and sanitation, housing, urban utility, civil aviation, airports, ports, power and energy. Infrastructure spending is expected to grow by 2.3 times to Rs.20 lakh crore in the XI plan period. This favours high consumption of cement, which is also expected to continue its strong growth trend in 2007-08.

Since, the current capacities are not enough to meet the demand of the coming years, over 110 million tonnes of new capacities have been planned by corporate in the next 5 to 7 years.

During the calendar year 2007, 163.4 million tonnes of cement were dispatched as against 152.5 million tonnes in 2006, registering a growth of 7%.

FINANCIAL RESULTS

Rs. in crore

	Stand Alone		Consolidated	
	Current Year 31.12.2007 (12 months)	Previous Year 31.12.2006 (18 months)	**Current Year 31.12.2007 (12 months)**	Previous Year 31.12.2006 (18 months)
Sales (net of excise duty)	**5704.84**	6274.52	**5792.08**	6391.36
Profit before Interest and Depreciation	**3024.54**	2280.95	**3103.63**	2448.81
Less: Interest	**75.85**	113.23	**77.09**	116.37
Gross Profit	**2948.69**	2167.72	**3026.54**	2332.44
Less: Depreciation	**236.34**	326.12	**237.18**	327.95
Less : Minority Interest	**0**	-	**0**	0.37
Profit before Tax	**2712.35**	1841.60	**2789.36**	2004.12
Provision for Tax	**943.25**	338.35	**943.25**	339.43
Profit after Tax	**1769.10**	1503.25	**1846.11**	1664.69
Add: Balance brought forward from previous year	**272.06**	151.38	**530.59**	233.46
Add: Balance of Profit & Loss of Joint Venture	**0**	-	**0**	13.32
Add: Credit Balance of Profit & Loss Account as on 01.07.2005 of erstwhile INSCL	**0.21**	0	**0.21**	0
Add: Credit Balance of Profit & Loss Account as on 01.01.2006 of erstwhile ACEL	**-**	71.31	**-**	71.31
Profit available for appropriation	**2041.37**	1725.94	**2376.91**	1982.78
Appropriations:				
Debenture Redemption Reserve (Net)	**(30.00)**	(72.05)	**(30.00)**	(72.05)
Transfer from Exchange Fluctuation Reserve on cessation of subsidiary	**-**	-	**0**	(1.95)
Transfer to Reserve Fund	**-**	-	**0**	-
General Reserve	**1100.00**	1000.00	**1100.00**	1000.00
Dividend on Equity Shares (including interim)	**532.65**	461.24	**532.65**	461.24
Dividend on Cumulative preference shares	**-**	-	**0**	0.26
Corporate Dividend Tax	**90.52**	64.69	**90.52**	64.69
	623.17	525.93	**623.17**	526.19
Balance carried forward	**348.20**	272.06	**683.74**	530.59
	2041.37	1725.94	**2376.91**	1982.78

CURRENT YEAR NOT COMPARABLE WITH THE PREVIOUS YEAR

The previous accounting year of the company comprised of 18 months, from 1st July, 2005 to 31st December, 2006. The current year ended on 31st December, 2007 comprises of 12 months. The current year's figures, therefore, are not comparable with that of the previous year.

CHANGE IN THE NAME OF THE COMPANY

The company had set up its first cement plant in the joint sector with GIIC in the state of Gujarat. To reflect the manufacturing base in Gujarat, the name of the company was kept as Gujarat Ambuja Cements Ltd.

As the operations of the company have spread to several states in the country in the last 23 years, the word "Gujarat" was dropped to reflect the true geographical presence of the company and the name was changed to 'Ambuja Cements Limited' with effect from 5th April, 2007, with all requisite approvals.

DIVIDEND

The company has paid an interim dividend of 125%, i.e. Rs.2.50 per share during the year. 65%, i.e. Rs.1.30 per share, was considered on account of the company earning non-recurring profit on sale of property and investments. And 60%, i.e. Rs.1.20 per share, was considered on account of operating profit.

We are pleased to recommend a final dividend of 50% (Re.1.00 per share). The aggregate dividend for the year will amount to 175%, i.e. Rs.3.50 per share, [65% due to non-recurring income and 60% on operating profit] as against 165% (Rs.3.30 per share) in the previous year (18 months). The total payout on dividend (including corporate tax thereon) will be Rs.532.64 crore as against Rs.525.93 crore in the previous year.

MR. A. L. KAPUR - NEW MANAGING DIRECTOR

Mr. Anil Singhvi was appointed as Managing Director of the Company from

30th January, 2006 for a period of 5 years. He resigned with effect from 1st May, 2007.

After the resignation of Mr. Anil Singhvi, the Board appointed Mr. A.L. Kapur, then a Whole-time Director as the Managing Director of the company w.e.f. 1st May, 2007 till the expiry of his agreement as Whole-time Director, i.e. upto 30th April, 2009. His appointment as Managing Director was approved by the shareholders on 4th October, 2007.

Mr. Kapur, a graduate in Arts, a Chartered Accountant and a Cost Accountant, joined the Board as Whole-time Director in May 1999. He has over 48 years of experience in the industry, and has occupied various senior positions including that of CEO. He is also on the Board of ACC Ltd. Mr. Kapur is a seasoned, experienced and matured executive. He is very well respected in the cement industry and, having worked in a similar position in the past, has in-depth knowledge of corporate management.

OPEN OFFER

The founder promoters of the company, Messrs Narotam Sekhsaria, Suresh Neotia and others, sold 20 crore equity shares of the company (comprising 14.78% of the then equity share capital) to the Holcim group under the Shareholders' Agreement dated 30th January, 2006. Consequently, Holcim group made the first open offer in April 2006 at Rs.90.64 per share to the shareholders of the company to acquire up to 20% of its share capital in compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations. (SAST Regulations).

Messrs Narotam Sekhsaria, Suresh Neotia and others sold further 6 crore equity shares of the company (3.94% of the then equity share capital) at Rs.154.00 per share to the Holcim group in August 2007. This purchase together with purchases made by Holcim Mauritius from the market exceeded the threshold limit of 5% under Regulation 11 of the SEBI (Substantial Acquisition of

Shares and Takeovers) Regulations. Holcim group, in compliance with the above mentioned regulations, made the second open offer to acquire up to 20% of the share capital of the company at a price of Rs.154.00 per share.

The open offer closed on 3rd December, 2007. 82483073 (5.42%) equity shares were acquired by Holcim under this offer.

The Holcim group now holds 45.68% shares in the company.

IMPROVED PERFORMANCE: PROFITS REACH A NEW HIGH

While reviewing the performance of the company in the subsequent paragraphs, we have considered the results for the calendar year 2007 over the calendar year 2006 to make the analysis of performance and the comparison more meaningful.

Riding on the economy's growth momentum, the company has posted improved performance, with revenue and profits higher than ever before.

Performance Highlights

- Production of cement up by 4% at 16.9 million tonnes
- Sales of cement up by 3% at 16.8 million tonnes
  - Domestic 15.4 million tonnes, up by 7%
  - Exports 1.3 million tonnes, down by 28%
- Total sales up by 18% at Rs. 5705 crore over the previous year
- PBIDT for the current year at Rs. 2238.6 crore as against Rs.1880.7 crore in the previous year
- Net profit after tax at Rs.1846.1 crore as against Rs. 1435.2 crore in the previous year
- Exceptional Income during the year was Rs.795.5 crore as against as Rs.30.5 crore in the previous year.

Production

An encouraging increase: From 16.3 million tonnes to 16.9 million tonnes.

The company has reported an increase in cement production, from 16.3 million tonnes in 2006 to 16.9 million tonnes in 2007.

This growth was achieved despite serious setback in production at our unit at Ambujanagar – which was affected by unprecedented floods in August – September 2007. The higher cement production was due to higher blending ratio in 2007, as well as the commissioning of the new grinding facilities.

The clinker production was marginally lower at 11.6 million tonnes as compared to 11.7 million tonnes in the previous year. Higher production at Darlaghat and Rabriyawas was not sufficient to compensate for the loss of production at Ambujanagar following the floods.

Plant-wise production was as follows:

	2007 (Jan – Dec) (million tonnes)		2006 (Jan – Dec) (million tonnes)	
Plant	Cement	Clinker	Cement	Clinker
Ambujanagar	4.8	3.7	4.9	4.1
Maratha	3.2	2.5	3.1	2.5
Darlaghat	1.3	2.6	1.2	2.4
• Ropar	2.8	-	2.8	-
• Roorkee	0.1	-	-	-
Rabriyawas	1.8	1.6	1.7	1.5
• Bhatinda	0.6	-	0.5	-
Bhatapara	1.0	1.2	0.9	1.2
• Sankrail	1.2	-	1.2	-
• Farakka	0.1	-	-	-
Total	**16.9**	**11.6**	**16.3**	**11.7**

Marketing

We have new systems in place to take care of the growing economy

Fast growing mass housing, commercial and infrastructure sectors in big cities. Strong retail demand in smaller towns. A resurgent rural sector. In this all-round development, the marketing team set two tasks for itself – increase presence in the fast growing markets and increase brand-building efforts in its traditionally strong retail market. Exports, by design, fell behind.

To meet the challenges and demands of the rapidly rising construction sectors, we set up a separate team modeled on some of the best Key Account Management principles.

To its key customers, the team has positioned itself as a partner in providing solutions. A series of initiatives taken by this team has given us a tremendous advantage in Mumbai to gain a strong foothold in this sector. A similar approach is being extended to other areas of our market's hotspots.

While the brand increased its position in Mumbai and other hotspots of cement consumption, we have continued to build on our leadership position in its traditionally strong market - retail in smaller towns and rural markets. We have also developed a unique homespun channel management model called Channel Excellence Programme (CEP). Over 7000 dealerships and 20,000 retailers across India are covered under this model.

It delivers great value to the channel partner. Besides the sales support, he receives administrative training, technical and promotional support.

This program emphasizes the relationship management approach to build strong business ties with the dealers and retailers. Various initiatives like personal growth, family welfare and children's education and healthcare are taken for the channel partner and his family. These initiatives are structured and packaged as Ambuja Parivar and Ambuja Parivar Mahotsav.

Sensing the new awareness and willingness of the rural communities to build their own infrastructure like concrete roads,

check dams and schools, the company has set up a sustainable rural marketing model. Our rural marketing team identifies services and contributions that will significantly contribute to the rural society.

Under this, we have provided technical support in building rural infrastructure and training masonry skills to the villagers. Our rural team has helped build a number of schools under the Sarva Shiksha Abhiyan in many parts of Maharashtra and Gujarat. It has also held a series of mason training programs with the help of CIDC in Rajasthan. And it has trained village communities to build check dams and roof rainwater harvesting structures.

While our marketing team has consciously spotted opportunities to deliver value to the consumer, a new analytical business tool developed by Holcim, called Holcim Value Chain (HVC), has given them added impetus. We are in the process of building a complete value chain to deliver maximum value to the customer. Once integrated in our business plan, the outside-in approach of the HVC will give us a more robust model and will enable us to take up many exciting opportunities in the market.

Domestic cement demand

Overall market share of 10%. And a 7% growth in volumes.

Western Region

The west includes India's single largest cement market – Mumbai. And the single largest cement consuming state – Maharashtra.

In the west, demand went up by 13.5%. The company received a setback at the Gujarat plant when floods disrupted production for almost two months. However, our people did a commendable job in retaining our strong presence in the region at 20%.

The company could achieve increased volumes by resorting to purchase of clinker from outside, diverting cement from exports to the domestic markets and increasing the blending ratio.

Northern Region

In the northern states, demand went up 9.5%. The company continued its strong presence in this region despite supply constraints, which were overcome partially through increased production of clinker at Darlaghat and Rabriyawas and through increasing the blending ratio. With these proactive measures, we were able to maintain our leadership position with over 18% market share.

Eastern Region

Demand in the eastern region has grown at a relatively slower pace at 3%. Despite the slow demand growth, the company increased its volumes by 12%, thereby improving market share from 8 to 9%.

Exports: A planned reduction

In view of the good domestic demand and improved realization, coupled with depreciation of the US Dollar, the company gradually reduced its export volume during the year. Total exports for the year stood at 1.3 million tonnes as against 1.8 million tonnes for 2006 - down by 28%. In 2007, our revenue from exports was Rs.277.5 crore as compared to Rs 383.7 crore in 2006.

Costs: Up by 20%

Coal

In terms of calorific value, average cost in 2007 was 60.14 paisa/000 kcal - up by 20% over the previous year.

The company procures both domestic and imported coal. Overall average cost of coal was Rs 2,935 per tonne in 2007 - up by 12% over 2006. Average landed cost of domestic coal in 2007 was up by 2% at Rs 2597 per tonne. This is primarily due to increase in royalty in August 2007 by an average of 15-25%, a hike in pithead prices of all the grades by 10-15% by Coal India towards the end of 2007, and minimum chargeable freight imposed by the Railways. Average landed cost of imported coal was Rs 3794 per tonne in 2007 - up by 33% over

last year. The CIF per tonne price of imported coal, which is mainly used at Ambujanagar, has gone up from US$ 60 in the beginning of 2007 to US$ 130 by the year-end.

During 2007, specific thermal energy was 742 kcal per kg of clinker. This is marginally higher (by 1.6%) over the previous year despite the adverse impact of floods at Ambujanagar.

Additionally, the Ministry of Coal has reduced coal linkages to cement companies, thereby forcing cement companies to source coal from e-auctions at high rates – at a minimum 30% higher than the notified price applicable on coal linkages.

The bigger concern is the deterioration in the quality of domestic coal that's affecting our productivity.

Power: Self-sufficiency through captive power

During the year, the company commissioned 60 MW captive thermal power plants at Ambujanagar. For the company as a whole, 79% of our power requirement is met through captive power generation.

Power consumption in 2007 was 84.6 kwh per tonne of cement as against 86.6 kwh in the previous year. This could have gone up on account of the unprecedented floods at Ambujanagar, but the company was able to contain it through improving blending ratio over the previous year.

Average cost of power generation (grid & captive) was Rs 2.88 per unit - up by 4%. While cost of grid power went up by 2%, cost of power generation, through CPP, was at Rs 2.68 per unit - up by 5%. This was primarily due to increase in the cost of coal.

Year	Captive power usage (%)	CPP (Rs/kwh)	Grid (Rs/kwh)	Average (Rs/kwh)
2006	80	2.56	3.54	2.76
2007	79	2.68	3.62	2.88

The power load factor during 2007 was 84 as against 81 in 2006, which helped in containing the power generation cost.

By using different varieties of alternate fuels like biomass and by using Waste Heat Recovery, we have reduced our coal and fossil fuel usage in captive power generation.

Freight: A fast-track approach for quicker turnaround

During the financial year, on per tonne basis, share of "freight and forwarding cost" to "total cost" went up by 1.4% over that of last year, largely due to shift from exports to the domestic market and longer lead dispatches by road due to non-availability of adequate railway rakes. Various freight surcharges imposed by Indian Railways adversely impacted railway freight.

Our people adopted innovative steps such as fast track dispatches at certain locations to derive benefits through higher turnaround of trucks.

Opening new Grinding Units. And upgrading existing ones

The company has continued to pioneer the Hub and Spoke concept in conducting business. Being closer to fly-ash sources and the markets helps save on the logistic costs.

During the calendar year 2007, the company commissioned grinding stations at Farakka in West Bengal and Roorkee in Uttarakhand with capacity of 1 million tonnes per annum each. This is in addition to its three existing grinding stations. These grinding stations will enable the company to provide the customers in these regions with fresh cement and save logistic costs.

During the year, the clinker production at Rabriwayas in Rajasthan was upgraded from 1.6 million tonnes to 2 million tonnes per annum.

BULK CEMENT TERMINALS

A new record in cement dispatch: 1.4 million tonnes

The ship, which was grounded during

2006, was completely refurbished and put back in service in March 2007.

Total cargo (inbound and outbound) handled at Muldwarka was 6% less than the previous year, at 3.8 million tonnes, due to reduced exports.

The cement dispatch from our Panvel cement terminal set a new record of 1.4 million tonnes in 2007, compared to 1.2 million tonnes in 2006.

Cement dispatches from Surat were 0.3 million tonnes as compared to 0.4 million tonnes in 2006.

Due to the heavy rains for the last couple of years, the draft at Muldwarka port has reduced, resulting in cargo loss, difficult berthing for larger vessels and reduced throughput both inbound and outbound. The company has initiated steps to restore the draft by resorting to dredging operations.

EXPANSION AND UPGRADATION

To participate in the growth of the cement industry, the company has planned capital expenditure programmes aggregating to about Rs 3500 crore. This would help the company maintain its market share going forward.

Clinker capacity expansions

The company is setting up new clinker capacity at Bhatapara in Chattisgarh and Rauri in Himachal Pradesh, each having a capacity of 2.2 million tonnes per annum. The project work is progressing well. The clinker unit at Bhatapara is slated to be commissioned in mid 2009 while the unit in Rauri is expected to go on stream in the second half of 2009.

The total investment in these projects is estimated at Rs. 1600 crore.

Grinding Stations

In line with the Hub and Spoke strategy, we are setting up four cement mills. We are increasing cement grinding capacity by 5.5 million tonnes per annum which will be commissioned in 2009-10.

Location	Cement (million tonnes)	Year of Commissioning
Dadri (UP)	1.5	2nd half of 2009
Nalagarh (Himachal Pradesh)	1.5	1st half of 2010
Ahmedabad (Gujarat)	1.5	1st half of 2009
Barh (Bihar)	1.0	1st half of 2010
Total	5.5	

Capital investment for setting up these units is estimated at Rs.1000 crore. The installations of new grinding units are aligned with the expansion of the clinker capacity.

Terminal

The company is setting up a Bulk Cement Terminal (BCT) at Kochi in Kerala. The total investment in this project is estimated at Rs 66 crore.

It is scheduled to be commissioned in early 2009. This terminal will help the company to participate in the growth in Southern India and provide reach to this market by sea route cost effectively.

Captive Power Generation

We are reducing our dependence on grid power by installing additional captive power plants aggregating to 178 MW at different locations. Captive power ensures continuous and consistent supply of power at a much lower cost.

Of the 178 MW, 2 units of 30 MW each at Ambujanagar in Gujarat and 6 MW at Ropar grinding station in Punjab were commissioned during 2007. This brings total captive power capacity to 407 MW. The balance 112 MW is expected to be commissioned during 2008 at an estimated cost of Rs. 545 crore.

Shipping Fleet Expansion

The company presently owns seven ships for transport of cement from Ambujanagar to Panvel and Surat. The existing fleet is just sufficient to meet our present requirement. Adding shipping

capacity has become necessary to respond to the growing cement demand in coming years.

With this in view, the company has placed an order for one ship of the capacity of 4500 DWT at an investment of Rs 50 crore approximately. The ship is expected by the end of 2008.

Orders have been placed for two more ships, one of 4,500 DWT and the other of 2,800 DWT for delivery by 2009.

The addition of these three vessels will greatly enhance our ability to cater to the growing market needs of South Gujarat and Mumbai.

SAP IMPLEMENTATION:

The company is implementing a project – “Connect India Plus”, which aims at connecting all the plants, business places across India online, under a standardized business template to run on SAP software.

The implementation of project CONNECT India Plus started in June, 2007 and is expected to go live in August, 2008. After the Go Live, all operations, locations and transactions will become fully integrated in a manner that is in line with the updated data and information.

The new system will greatly enhance the company’s capability to capture and process a comprehensive range of data to be used for decision-making and day-to-day operations, while automating some processes which were not part of the IT legacy system.

Project CONNECT India Plus will integrate good governance practices into the business processes through the use of IT tools and software components. It will incorporate Internal Control requirements through well-defined authorization profiles and rigid systems.

HOLCIM’S SUPPORT

The integration program with Holcim is progressing well. Holcim which has a presence in 70 countries across the globe has extended its support to help us achieve global benchmarks.

It is implementing various programmes

across the company, which includes building robust business systems and processes, through the implementation of SAP.

Talent Management

Holcim aims to be recognized as one of the most attractive employers within the industry. It has implemented various programs, including Leadership Development Program and development program for senior management, introduction of variable compensation scheme, cross border transfers, talent assessment program to evaluate people so they could take up higher responsibilities.

Increase use of Alternative Fuels and Raw Materials (AFR)

Holcim are experts in the area of Alternative Fuels and Raw Materials (AFR). It has been successful using various AFR, both as fuel in the cement manufacturing process as well as in the captive power generation process. The company would leverage Holcim's experience in using cut tyres, municipal waste, petrochemical sludges and other hazardous waste across the globe. The company is in the pilot stages for using some of these AFR's at its plant locations.

Occupational Health and Safety (OH& S)

The health and safety of the people at Holcim is a key priority. This not only includes its own employees but also for the personnel of sub-contractors and for visitors. The implementation of the Holcim Safety Pyramid – "Passion for Safety" encompasses events, which on successful implementation would help us achieve our goal of "no harm" environment within the company.

Sustainable Development

The three guiding principles of "Value Creation", "Sustainable Environmental Performance" and "Corporate Social Responsibilities" are well anchored in the Holcim Business Model and enshrined in the Management Systems. They can also be

found in our company's business model and management systems.

THE FUTURE LOOKS BRIGHT

The momentum of growth in the infrastructure and housing industry is a good sign for the cement industry. The government has set a growth target of 9 % for the economy during XIth Plan (2007 – 2012). The cement demand growth is projected at 9.5% CAGR for the XIth plan.

Further, the government has emphasized on public-private partnerships for removing bottle-necks for developing the infrastructure in the country. We see that the private sector is poised to play a very major role in the development of this infrastructure.

Given the overall economic growth, inflow of foreign investments, thrust on infrastructure development and boom in the housing construction, we believe the cement demand should display strong growth in the next 3 to 5 years. In view of this robust growth, many cement companies have announced fresh capacity expansion.

It is expected that over the next 5 to 7 years, new capacities of over 110 million tonnes would be set up across the country.

While there are high growth opportunities, there also lie big challenges ahead. Bunching of new capacity in a short span could lead to pressure on prices and distribution network in 2009. We are gearing up to meet these challenges.

The ominous signs of recession in US economy, accentuated by 75 bps cut in interest rate, and the emerging signs of domestic inflation rate going up may generally impact overall economic growth.

RISKS & AREAS OF CONCERN

We are geared to respond to changing conditions

Coal

Coal is a wild card for the cement industry. Coal is used by the company both as a fuel in the cement manufacturing process as well as in captive power generation. This

entails the effective sourcing of coal, both in terms of quality and pricing, which is very critical for the overall performance of the company.

Domestic coal

The distribution, allocation and pricing are controlled by the Government. The deterioration in the quality and the timely availability is a major concern for the company. With the shrinkage in coal linkage, the company needs to source coal from e-auctions and through spot buying at significantly higher rates, generally 30% to 40% more than the notified prices.

Imported coal

Prices for imported coal have risen sharply during the year, from less that US $60 per tonne (CIF) in December 2006 to US $130 per tonne in December 2007.

The company has drawn plans to meet the coal requirements in a planned and cost-effective manner.

Freight

International crude prices are ruling consistently at very high levels resulting in higher cost of Indian crude basket. This continues to be a source of anxiety, as any increase in diesel prices would adversely affect road freights. Timely availability of rakes from the Indian Railways is also a cause of concern.

Incidence of Taxes

The incidence of taxes on cement is extremely high, despite the fact that cement is an essential infrastructure commodity. The overall tax is as high as over 50% of the ex-works realization.

Project Execution

The capital goods and engineering industries have their order books full for a couple of years. The delivery periods quoted for equipment are growing longer. The boom in the construction industry has further compounded the problem. There is a scarcity of experienced civil contractors – a necessity

for timely completion of projects. All these factors may increase the challenge to execute projects on time and also impact the cost. Efforts are being made to motivate civil contractors by additional financial incentives to speed up construction.

Bunching of Capacity

The setting up of newer capacities by the cement manufacturers could lead to bunching of cement capacity in the short term. This could bring pressure on cement prices, affecting the bottom lines.

HOW INTERNAL CONTROL SYSTEMS HELP US TO INCREASE EFFICIENCY

The company's Internal Control Systems are commensurate with its size.

The company places great emphasis on the maintenance of effective internal controls, both from the point of view of compliance with statutory requirements as well as supporting the smooth and efficient running of the business.

In an effort to further improve the reliability and efficiency of business processes that have an impact on financial reporting, the company has embarked on an Internal Control Systems project to standardize and properly document the major processes and associated key controls. Responsibility for ensuring correct and timely performance of the controls has been assigned to specific individuals at all company locations.

This formalized system of controls helps to meet the statutory requirements of both Clause 49 of the SEBI Listing Agreement, and the equivalent Swiss Stock Exchange Code, with which the Holcim Group is required to comply from 2008.

Systematic testing of the effectiveness of internal controls is being carried out by the company's internal audit department, in order to provide assurance to the audit committee and board of directors regarding the adequacy and reliability of the system.

The Internal Audit function was established on inception of the company

and, in addition to monitoring effectiveness of controls, provides an independent and objective assessment of the overall governance processes in the company, including the application of a systematic risk management framework.

The scope and authority of the function are laid out in an Internal Audit Charter, which is approved by the Audit Committee. Internal Audit plays an important role, not only in providing assurance to the board of directors, but also in providing a value-adding consultation service to the business operations.

SUSTAINABILITY INITIATIVES

Environment Management:

We won the Environment Excellence Gold Award for outstanding achievement in environment management

The company has adopted state-of-the-art technology from glass bag house to surface miner, rock breaker to bulk cement terminals and from CDM to GHG emission control.

As against statutory norms of particulate emission of 150 milligram per normal cubic meter of gas, the company has always maintained 50 milligram per normal cubic meter of gas. This was possible as the company installed Glass Bag house to treat particulate pollution from kiln as against the industry practice of using electrostatic precipitators.

As per statutory requirements, it is necessary to treat domestic waste water in cement plants using the conventional way of treatment and disposal. However, the company went one step further in treating waste water in what we call "sewage water recirculation plant" (SWRP). Extensively treated water from SWRP is used as source water in our cement plant or Captive Power Plant (CPP) and thus reducing fresh water consumption.

We are also very conscious about noise pollution. We follow sophisticated method of blast control using delayed detonators in

mines and hence there is minimal noise during blasting. This also ensures that the surrounding areas are not affected as the vibrations are of lower intensity.

At our limestone mines also, the company has adopted various environment-friendly methods. One of them includes installation of fogging devices using water mist to control fugitive emission while handling limestone. At our Bhatapara limestone mines, an innovative method of stabilizing slopes of the waste material has been done using coir matting with greenery plantation.

Water bodies have been created at the mined outpits that reduced salinity ingress in the area, thus helping farmers to grow additional crops.

Our efforts have been appreciated. This year, our Himachal unit was awarded Environment Excellence Gold Award for outstanding achievement in environment management by Greentech Foundation, New Delhi.

Our efforts of restoration of mining area have been appreciated, not only by Industry Associations, namely, Federation of Indian Mineral Industries (FIMI) and Confederation of Indian Industry (CII), but also by Ministry of Environment and Forests (MoEF) and the leading NGO of India, the Centre for Science and Environment (CSE). The National Council for Cement & Building Materials (NCBM) during an all-India competition conferred Second Best Environmental Excellence Award for our limestone mines at Ambujanagar.

Fly ash. The waste product that helped us produce larger volumes of cement

The disposal of fly-ash, a hazardous waste from power plants is a major national concern. To tide over the power shortage in the country, large coal based thermal plants are being set up by power companies, leading to more fly-ash.

Over the years, we spent time and capital at our R&D cell, to see how we could use this waste in manufacturing cement without

compromising on the quality.

We moved our business focus from OPC (Ordinary Portland Cement) to PPC (Portland Pozzolona Cement) by grinding fly ash with clinker to produce cement at all our manufacturing locations. For this, we have made necessary changes at our manufacturing plants to bring in systematic addition of fly ash. However, while doing this, we have taken utmost care to ensure that the quality of cement thus produced is equivalent to the strength of OPC.

Over the years, we have gradually increased consumption of fly ash from 2.2 million tonnes in 2005 to 4.1 million tonnes in 2007. This has also helped us produce larger volume of cement without correspondingly increasing our clinker production and thus reducing green house gas emissions such as CO_2. This has also solved the problem of disposal of the material.

The company, in line with its policy in other states, has converted its entire Mumbai market (which was predominantly OPC based) into a PPC market. In future, we plan to produce more blended cement and propose to set up grinding units across the country, based on locally generated fly ash.

Alternate fuel and raw materials. They help reduce emissions

The use of alternate fuels and raw materials (AFR) is not only beneficial in terms of reducing CO_2 emissions, but it also is our thrust area for sustainable development. The co-processing of hazardous/ non-hazardous wastes in cement kilns and boilers in CPPs help solve a major environmental problem faced by several industries.

Our captive power plant at Ropar is run on biomass of different varieties for about 5-6 months in a year. This has not only resulted in saving on costs but also helped reduce usage of precious coal.

We have conducted trials for usage of other waste products such as municipal waste and tyre chips at our laboratories.

The extensive use is dictated by the procedural requirement of getting various approvals from appropriate environmental authorities. We propose to use the available waste materials in cement kilns for sustainable development in the year 2008 with the requisite approvals.

OCCUPATIONAL HEALTH & SAFETY

Change in mindsets: Working towards zero harm

OH&S has been accorded high priority in all spheres. Considerable executive time and energy has been invested in this area.

To focus on this crucial aspect, DuPont, a leading international consultant, were assigned the task of disseminating knowledge and techniques to various functionaries to ensure that the "zero harm" objective is achieved. It is planned to cover all line functions through specific training within 2008. This is resulting in better awareness and appreciation for assuming responsibility by each and every individual in the company to ensure risk-free and totally safe working environment.

Training has also been imparted on techniques to systematically identify hazard areas, adopt measure to eliminate hazards and, in the event of any unfortunate mishap, to conduct scientific incident investigation to get to the root cause of the incident and eliminate such mishaps in the future by instituting remedial measures. Learning from these investigations is disseminated to all the manufacturing units with a view to prevent recurrence anywhere in the company. Safety drills are conducted as a regular feature.

The major challenge of safety of third party employees has also been addressed by appointing construction safety management experts from India and abroad for on-site training and monitoring of safety during construction.

The continuing emphasis given to OH&S is helping to change mindsets of individuals and employees have now started thinking of safety in each activity undertaken.

CORPORATE SOCIAL RESPONSIBILITY

Making way for a vibrant and dynamic neighbouring community

Through Ambuja Cement Foundation set up in 1993, the company has engaged the neighbouring communities as partners in all developmental activities.

Last year, the company was able to reach out to over 1.2 million people in over 670 villages from 10 states across the country. Since all the issues tend to be interrelated, our approach has been aimed at dovetailing our efforts to respond to each of their issues.

The company has carried out numerous activities like water harvesting and conservation to prevent salinity ingress in areas close to the sea, sustainable agriculture and animal husbandry, health & sanitation, HIV / AIDS programme, promotion of self-help groups of women for socio-economic development and capacity building for enhancing skills of students, women and farmers in the villages adjoining all our locations, as our commitment to corporate social responsibility.

We raised the water table to a whopping 25 feet in Rajasthan

Based on the success of our Natural Resource Management, we continued working on water in states like Gujarat and Rajasthan that traditionally face water problems. In the process, we found a balance between traditional knowledge and scientific knowhow. Sealing the bottoms of the wells has considerably improved their quality of water in Gujarat.

Our techniques were so effective that the government has now decided to take on the project on a larger scale in other areas in Gujarat.

In Rajasthan, we focused on improving the traditional reservoirs of water. Ponds that had been used as reservoirs of water for years were deepened and in places where it was possible, they were interlinked. Seasonal rivers were de-silted and in some cases dykes were built under the river bed to increase the

flow of underground water in the region.

The result was that the dykes have helped the water column in the existing wells to rise from an average of 11 feet to a whopping 25 feet.

Alternate livelihoods. Skill enhancement for a brighter future

Through intensive training programmes, we have introduced farmers to better technologies and cropping techniques, increasing their yield in agro-based livelihoods. Expansion into alternative livelihood options meant sustained incomes for the families, which in turn directly influenced the standard of living of the family. Moreover, as agriculture is a seasonal activity, it is easily possible for a family to engage in an alternate occupation during the lean months.

Taking into consideration the availability of materials locally, the interests of the people and the traditional crafts of the area, the company has initiated programmes on alternate livelihoods across all locations. Groups are now engaged in various activities like dairying, making bags, incense sticks, soaps, detergents, candles, garments and embroidered products, handicrafts,in addition to developing nurseries, running flour mills and grocery shops amongst others.

In collaboration with the leading banks in the area, we have established two Skill and Entrepreneurship Development Institutes in Rajasthan and HP, where hundreds of youth had an opportunity to enroll for skill training. Courses that would generate employable skills were selected on the basis of local surveys.

Courses for computer literacy and DTP, mobile repairing, auto and electrical maintenance, garment making, television and radio repairs were offered after personal interviews and assessment of aptitude of the candidates. With our assistance, several placements were made in existing set-ups and some trainees were facilitated to obtain bank loans to establish small businesses. An overwhelmingly large number of trained persons are now gainfully employed.

Village self-reliance. New inroads into community health

Our efforts in training and empowering tais, or village health functionaries, are an important part of our inroads into community health. They have been consistently providing primary health care to the villagers. We have increased their responsibilities to include pre-natal care and the care of new born infants.

Their active monitoring of new-born infants and the expectant mothers has helped in bringing down the infant mortality rate in the villages.

They continue to provide medical help to the villagers, refer serious cases to hospitals, assist the mobile dispensary operated by the company during its regular visits and conduct sessions in their own communities on preventive health education. After the success of our project in Chandrapur, where thousands of people including tribals benefited, we have now extended the project to several of our locations.

Waging a war for an AIDS-free supply chain

Taking the lead in the area of HIV/AIDS, Ambuja had formally accepted a policy on this issue in the year 2004.

Following this, we have initiated various activities at our plants and corporate offices. All these activities are geared towards awareness generation and prevention.

We recognize that our workplace programme must reach out to those in our supply chain. We have a large programme for our truckers who are an important part of this chain.

Since the railways also form a significant part of the cement supply chain, we have initiated an awareness programme for the labourers working at our cement yards. We began with the yards in Mumbai and are gradually expanding it to include other yards across Maharashtra. In course of time, we are sure this will have a multiplier impact on other railway yards across the country.

Accolade from the Asian Institute of Management

We have been appreciated for our work at various forums. The Sixth Annual Asian Forum on Corporate Social Responsibility conferred the Asian CSR Awards for our comprehensive programme on health and HIV/AIDS.

School Education Programmes: A ticket to a brighter future

A school support programme has been put in place in which the government schools in the villages are supported by us in terms of infrastructure, mid-day meals and quality of education. An extension of the school support programme is the training programme for teachers and the government established Village Education Committee (VEC) members.

In addition, we have established centres for pre-school education as well as those for non-formal education. Having improved the quality of the village schools, we have further energized the VECs to effectively monitor and maintain the quality of education in the villages.

Besides bringing in the required ownership, this is enabling the programme to attain sustainability.

Manovikas Kendra: Reaching out to special children

We are proud of our Ambuja Manovikas Kendra (AMK) which continues to take care of the needs of special children from rural areas around Ropar. AMK is a one-stop centre that meets all the needs of the children. Professionally trained and experienced personnel provide functional academics and services like occupation and speech therapy, pre-vocational and vocational training and help each child attain their highest potential to equip them to face the challenges of life.

The children of AMK have taken a special liking to sports. They have constantly been giving stellar performances in state, national and international level sports competitions.

Our new premise has enabled us to plan for expanding our facilities and will consequently reach out to much larger group of children.

We empower women to take on new community projects

Our communities are actively involved in the welfare of women folk. Today, we have about 440 self-help groups (SHGs) actively functioning at various locations with over 5000 women taking active participation.

We partner with organizations like the National Bank for Agriculture and Rural Development (NABARD) for their livelihood training programmes for skill development and entrepreneurship development.

The women have access to micro credit that has made them vocal and participating members not just of their communities, but within their families. Many of them are now engaged in activities that generate alternate incomes.

These empowered women are also our most willing grass-root force in piloting and establishing new community projects.

In the coming year, we hope to continue working with our people, thereby contributing to the United Nations Millennium Developmental Goals.

HUMAN RESOURCE

We continue to empower our people

Building organizational capabilities has been the central theme for all our HR initiatives. A formal employee survey was conducted during the year to identify the characteristics of our organization that has made us distinctive and successful and to identify specific areas where we can improve ourselves, especially in comparison to our competition. Quite appropriately, therefore the “People Power” project has been initiated by the company, and as the name suggests, aims at empowering people through initiatives related to talent management, organization structure and processes.

Global HR practices related to talent assessment techniques are being used to assess our talent and develop leadership skills for future challenges. Career planning is being given a fresh impetus with emphasis on overall development in different functional areas. Multiple projects are being implemented within the company that provide

new developmental opportunities to our people in inter-disciplinary areas.

Performance management as an ongoing activity is well established in the organization with larger and deeper involvement of employees across all levels and an objective mechanism for assessment and feedback. The employee development aspect of Performance Management Systems (PMS) provides a meaningful linkage to leadership training.

Global HR systems and processes related to talent development and compensation management will enable the organization to realize its people potential and develop capabilities for future growth.

EMPLOYEE STOCK OPTION SCHEME

The company has granted Stock Options to the Managing Director, Whole-time Directors and employees, for the eighth year in succession. The particulars required to be disclosed pursuant to Clause 12 of SEBI (Employees Stock Option Scheme) Guidelines 1999 , are given in subsequent paragraphs.

a) ESOS 2007 (For the Financial Year ended 31st December 2006)

During the year 2007, the company granted 73,86,750 stock options on 7th June, 2007 (each option carrying entitlement for one share of the face value of Rs.2/- each) to the Managing Director, Whole-time Directors and employees including some employees of subsidiary companies, at an exercise price of Rs.113.00 per share. The market price of the shares on the date of grant was Rs.109.55 per share. These stock options shall vest on expiry of one year from the date of grant and can be exercised during a period of four years from the date of vesting. The exercise price was determined by averaging the daily closing price of the company's equity shares during 7 days on the National Stock Exchange, immediately preceding the grant.

The company has adopted intrinsic value method for the valuation and accounting of the stock options as per SEBI guidelines. Since the market price per share on the previous day of the date of grant was less than the exercise price, no employee compensation cost has been accounted for the year ended 31st December, 2007. The fair value of the options as per the "Black Scholes" model comes to Rs.29.28 per option. Had the company valued and accounted the options as per the "Black Scholes" model, the net profit for the year would have been lower by Rs.20.88 crore and the diluted earning per share (with face value of Rs.2 each) would have been Rs.11.48 instead of Rs.11.61 per share.

The "Black Scholes" model captures all the variables with their respective appropriateness which influences the fair value of stock options. The significant assumptions to estimate the fair value of options as per "Black Scholes" model are:

1. Risk-free interest rate – 7.89%.
2. Expected life of the option – 3 years.
3. Expected volatility – 33.73%.
4. Expected dividend yield – 2.22%.

None of the options granted during the year have vested till date. No employee or Director has been granted options in excess of 1% of the issued equity share capital of the company. None of the Directors has been granted options of more than 5% of the total options granted during the year.

The options granted to the Managing Director, Whole-time Directors and other senior management personnel are as follows:

Mr. A. L. Kapur (appointed as Managing Director w.e.f. 01.05.2007)	250000
Mr. P. B. Kulkarni	250000
Mr N. P. Ghuwalewala	175000
Mr. B. L. Taparia	125000
Mr.R.R.Darak	50000
Mr.Anil Kaul	50000
Mr.H.S.Patel	50000
Mr.V.P.Sharma	50000
	1000000

The other employees have been granted 63,86,750 options. The details of options granted to other employees are:

Total number of employees	2702
Total number of options granted	6386750
Max. number of options granted	50000
Min. number of options granted	300
Avg. number of options granted	2364

1,13,250 stock options have been reserved to be granted to the SAP core team later.

b) Cumulative disclosure

The particulars with regard to the stock options as on 31st December, 2007 as required to be disclosed under the SEBI's guidelines are as follows:

Cumulative position as on 31st December, 2007.

Nature of disclosure	Particulars			
a. Options granted	12669000			
b. The pricing formula	2007	The exercise price was determined by averaging the daily closing price of the company's equity shares during 7 (seven) days on the National Stock Exchange immediately preceding the grant.		
	2004-2005 & 2005-2006	The exercise price was determined by averaging the daily closing price of the company's equity shares during 15 (fifteen) days on the National Stock Exchange immediately preceding the grant.		
	2003-2004	The exercise price was determined by averaging two weeks' High and Low price of the company's equity shares on the National Stock Exchange immediately preceding the grant.		
	1999-2000 to 2002-2003	The exercise price was the average of the daily closing price of equity shares of the company on the Stock Exchange, Mumbai during the period of 30(thirty) days immediately preceding the date on which the options were granted.		
c. Options vested	4906675			
d. Options exercised	4478800			
e. The total number of shares arising as a result of exercise of Options	Total number of shares arising as a result of exercise of options shall be 3,20,56,668 shares of Rs. 2 each.			
f. Options lapsed / surrendered	645700			
g. Variation of terms of Option	-			
h. Money realised by exercise of Options	Rs.112.27 crore			
i. Total number of Options in force	7544500			
j. (a) Details of Options granted to / exercised by the Whole-time Directors	No. of Options granted	No. of Options exercised		
1. Mr. A. L. Kapuri (appointed as MD w.e.f. 01.05.07)	530000	230000		
2. Mr. P. B. Kulkarni	545000	295000		
3. Mr. N. P. Ghuwalewala	250000	75000		
4. Mr. B. L. Taparia	310000	135000		
5. Mr. A .C. Singhvi*	310000	310000		
(*Occupied the post of Managing Director upto 30.4.07 and resigned since then)				
(b) Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year.	NIL			
k. Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant.	NIL			
l. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS-20.	11.48			
	2003-04	2004-05	2005-06	2007
m. Weighted average exercise price of options	310*	443*	69.60**	113**
Weighted average fair value of options	67.44*	96.73*	19.23**	29.28**

*Options related to Equity Shares of the face value of Rs.10/-. ** Options related to equity shares of the face value of Rs.2/-.
The information disclosed in respect of item No.(m) is for grants made after June 30, 2003.

CORPORATE GOVERNANCE

The company has complied with the Corporate Governance Code as stipulated under the listing agreement with the stock exchanges. A separate section on corporate governance, along with a certificate from the auditors confirming the compliance is annexed and forms part of the Annual Report.

DIRECTORS

Resignation

Mr. Anil Singhvi resigned from the Board on 30th April 2007. The Board placed on record its appreciation for the valuable services rendered by Mr. Singhvi during his tenure.

Retirement by rotation

(i) Mr. P. B. Kulkarni, (ii) Mr. N. P. Ghuwalewala and (iii) Mr. B. L. Taparia Directors of the company retire by rotation, as per Article 147 of the Articles of Association of the company. Being eligible, they have offered themselves for re-appointment.

Further details about Directors are given in the Corporate Governance Report as well as in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with Annual Report. The board of directors recommends their re-appointment.

DIRECTORS' RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies Act, 1956 as amended, the Directors confirm that:

i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.

ii) Appropriate accounting policies have been selected and applied consistently, and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as on 31st December, 2007, and of the profit and cash flow of the company for the period ended 31st December, 2007.

iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

iv) The annual accounts have been prepared on a going concern basis.

AUDITORS

The updation of the Fixed Assets Register at Ambujanagar as referred by the Auditors in their Report (refer para (i)(a) of the Annexure to their Report) shall be completed at the earliest within the current year.

M/s. S. R. Batliboi & Associates, auditors of the company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. M/s. S. R. Batliboi & Associates have confirmed that their re-appointment, if made, shall be within the limits of Section 224 (1B) of the Companies Act, 1956.

The Board recommends their re-appointment as Auditors and to fix their remuneration.

M/s. P. M. Nanabhoy & Co., Cost Accountants, have been appointed Cost Auditors of the company for the year 2008.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The company has transferred a sum of Rs.0.12 crore during the financial year 2007 to the Investor Education and Protection Fund established by the Central Government, in compliance with Section 205C of the Companies Act, 1956. The said amount represents unclaimed dividend which have been with the company for a period exceeding 7 years from their respective due dates of payment.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo is required to be given pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto marked Annexure – I and forms part of this report.

PARTICULARS OF EMPLOYEES

Information required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed hereto marked Annexure - II and forms part of this report.

SUBSIDIARY COMPANIES

(a) Additions

The company purchased, (i) 9990 equity shares (99.90%) of Rs.100.00 each @ Rs.100 per share for Rs.0.10 crore in the paid up equity share capital of Chemicals Limes Mundwa Pvt.Ltd., and (ii) 450010 equity shares (99.99%) of Rs.10.00 each in the paid up equity capital of M.G.T. Cements Pvt.Ltd. at Rs.40.55 per share for Rs.1.82 crore.

Both the companies together own 69.11 bighas of land on outright ownership and 35.2 bighas Government land on lease at Marwar Mundwa (Rajasthan) in close proximity to where the company proposes to set up a cement plant.

(b) Cessations

Indo Nippon Special Cements Limited which was a wholly owned subsidiary of the company was amalgamated with the Company w.e.f. 1st July, 2005 pursuant to the order passed by the Hon'ble High Court of Gujarat on 9th January 2007 and hence has ceased to be a subsidiary company.

The effect of the amalgamation has been given in the books of the company for the year ended on 31st December, 2007.

(c) Annual Reports

Ministry of Corporate Affairs, Government of India, vide its letter dated 7th February, 2008 has exempted the company from attaching the Annual Reports and other particulars of its subsidiary companies along with the Annual Report of the company required u/s 212 of the Companies Act, 1956. Therefore, the said Reports of the subsidiary companies viz. (1) Ceylon Ambuja Cements (P) Ltd., (2) Midigama Cements (Pvt) Ltd., (3) Kakinada Cements Ltd., (4) Chemical Limes Mundwa Pvt.Ltd., and (5) M.G.T. Cements Pvt.Ltd. are not attached herewith. However, a statement giving certain information as required vide aforesaid

exemption letter dated 7th February, 2008 is placed along with the Consolidated Accounts.

The company shall provide the copy of Annual Report and other documents of its subsidiary companies as required u/s 212 of the Companies Act to the shareholders upon their request, free of cost.

CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of the listing agreement with the stock exchanges, the consolidated financial statements have been prepared by the company in accordance with the applicable accounting standards issued by The Institute of Chartered Accountants of India. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

The consolidated net profit of the company, its subsidiaries and associates amounted to Rs.1846.11 crore for the corporate financial year ended on 31st December, 2007 as compared to Rs.1769.10 crore of the company.

EMPLOYMENT OF PERSONS OF SC/ST BACKGROUND

The company has always provided a congenial atmosphere for work to all sections of the society. It has provided equal opportunities of employment to all including persons with SC/ST background.

AWARDS AND RECOGNITION

(a) Asian Institute of Management, Philippines, conferred on the company the "Asian CSR Award 2007" in the "Concern for Health" category for its robust programme on health and HIV/AIDS for the welfare of the communities.

(b) Greentech Environment Excellence Gold Award - 2007 was awarded to the company for outstanding achievement in Environmental Management for Himachal Unit by Greentech Foundation, New Delhi.

(c) Our mines continued to be adjudged among the best mines in their respective regions by the Directorate of Mines in recognition of our efforts in afforestation, pollution control, safety, best mining practices, etc.

(d) Indian Institute of Materials Management conferred the "Corporate Excellence Award, 2007" for the company's overall performance particularly in the fields of company visibility, brand image, and contribution to corporate social responsibility.

(e) Construction World M.B.A. Trophy for 1st rank was awarded to the company for being the largest and most profitable cement company for the year 2007.

(f) CAPEXIL, an export promotion council, sponsored by the Ministry of Commerce has once again conferred the "Top Export Award" to the company for its outstanding export performance for the year 2006-07.

(g) The Company was adjudged as the top Indian company in the cement sector for the "Dun and Bradstreet - American Express Corporate Awards 2007".

(h) The Government of India has conferred the honour of Padma Bhushan to the company's Chairman Mr. Suresh K. Neotia for his outstanding contribution to the Indian business and industry.

ACKNOWLEDGEMENTS

We would like to take this opportunity to express our deep sense of gratitude to the banks, central and state governments and their departments and the local authorities for their continued guidance and support.

We would also like to place on record our sincere appreciation for the total commitment, dedication and hard work put in by every member of the Ambuja family.

To them goes the credit for the company's achievements.

And to you, our shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For and on behalf of the Board,

Suresh Neotia

Chairman

Mumbai, 12th February, 2008

ANNEXURE – 1

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A) CONSERVATION OF ENERGY

Specific Energy consumption figures for current and previous reporting period are not comparable because the current year comprises of 12 months (from 01.01.2007 to 31.12.2007) whereas the previous year comprises of 18 months (from 01.07.2005 to 31.12.2006).

(a) Energy conservation measures taken :

(i) Installation of improved kiln outlet seal at Ambujanagar.
(ii) Fuel efficient loaders for mining operation at Ambujanagar and Bhatapara.
(iii) Optimisation of grinding media size distribution in cement mills at Maratha Cement Works.
(iv) Installation of flow distributors in Pre-heater Fan inlet duct at Maratha Cement Works.
(v) Optimisation of auxiliary cooling water flow by trimming impeller of air cooling water pump.
(vi) Modification in programmable logic control done for optimizing compressor running and fine tuning of cement mill optimizer at Sankrail.
(vii) Replacement of cooler fans 1, 2 and 3 with new fans of high efficiency at Bhatapara.

(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy :

(i) Modifications in Raw mill at Ambujanagar.
(ii) Modification of fine coal feeding system at Ambujanagar.
(iii) Replacement of cooler fans at Ambujanagar.
(iv) Replacement of separator in Cement mill at Ambujanagar.
(v) Optimization of compressed air system at Rabriyawas.
(vi) Improvement in cooler Electrostatic Precipitator fan, Separate Line Calciner fan and Bag house fan efficiency at Rabriyawas.
(vii) Optimization of kiln coal firing transport air volume at Rabariyawas.
(viii) Modification of Inline Calciner Tertiary Air Duct and kiln hood size to save thermal energy at Rabriyawas.
(ix) Installation of variable speed drive for better power efficiency at Sankrail.
(x) Replacement / Rationalization of Polytetra Fluoro Ethylene membrane bags, Positive Displacement blower, Pressurization & Ventilation, Compressor & cyclone for coal mill circuit for better energy efficiency at Suli.
(xi) Installation of belt bucket elevator in kiln feed circuit at Bhatapara.
(xii) Close circuiting of Cement Mill No. 2 at Bhatapara.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Measures referred in (a) is expected to result in energy saving of Rs. 7.11 crores per annum and (b) is expected to result in energy saving of Rs. 4.88 crores per annum.

(d) Total energy consumption and energy consumption per unit of production :

Information is given in the prescribed Form – A annexed.

B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption are given in prescribed Form – B annexed.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans :

In view of good growth in domestic demand, the company has reduced its focus on exports. This year the company has exported 13.22 lac tonnes of cement (12 months) as against 25.98 lac tonnes in the previous year (18 months). In value terms, the exports during this year amounted to Rs. 274.88 crores (12 months) (FOB) as against Rs. 486.13 crores (18 months) (FOB) in the previous year.

(b) Total Foreign Exchange used and earned :

	Current Year (12 months) (Rs. in crores)	Previous Year (18 months) (Rs. in Crores)
Used*	**596.65**	445.92
Earned**	**265.65**	491.24

* Excluding repayment of borrowings Rs. Nil; Previous year Rs.155.67 crores.

** Excluding income of Rs. Nil; previous year Rs.11.02 crores received from subsidiary company upon its liquidation.

FORM – A

(See Rule 2)

Form for disclosure of particulars with respect to Conservation of Energy

A. POWER & FUEL CONSUMPTION

	Current Year 31.12.2007 (12 Months)	Previous Year 31.12.2006 (18 Months)
1. Electricity :		
(a) Purchased		
Units (crores kwh)	**30.91**	38.81
Total Amount (Rs. in crores) *	**111.77**	137.21
Rate/Unit-kwh (Rs.)	**3.62**	3.54
(b) Own Generation		
(i) Through Liquid Fuel Generator		
Net Units (crore kwh)	**40.33**	73.92
Unit (kwh)/Ltr. of LDO/Furnace oil	**4.21**	4.28
LDO/Furnace oil-Cost/Unit generated (Rs./kwh)	**3.86**	3.55
(ii) Through Steam Turbine/Generator		
Units (crore kwh) #	**76.03**	82.88
Unit (kwh)/Tonne of Fuel (Coal/Rice Husk)	**881**	875
Oil/Gas/Coal - Cost/Unit (Rs./kwh)	**2.06**	1.68
2 Coal & Other Fuels:		
Quantity (Million K. Cal.)	**8618902**	12337189
Total Cost (Rs. in crores)	**518**	621
Average rate (Rs./Million K. Cal.)	**601.42**	503.06
3. Light Diesel Oil/High Speed Diesel/Furnace Oil :		
Quantity (K. Ltrs)	**1480.21**	1968.17
Total Cost (Rs.in crores)	**4.31**	5.60
Average rate (Rs./K. Ltr.)	**29138**	28446
4. Others/Internal generation :		
Quantity	**NIL**	NIL
Total Cost, Rate /Unit	**NIL**	NIL
Rate/Unit	**NIL**	NIL

B. CONSUMPTION PER UNIT OF PRODUCTION

	Industry Norms	Current Year 31.12.2007 (12 Months)	Previous Year 31.12.2006 (18 Months)
Electricity (Kwh/T. of Cement) **	100	**84.6**	86.6
LDO/HSD (Ltr./T. of Clinker)	N.A.	**0.13**	0.12
Coal & Other fuels (K.Cal./Kg.of Clinker)	800	**742^**	730

* Minimum demand charges paid to Gujarat Urja Vikas Nigam Limited for Ambujanagar Plant of Rs. 3.14 crores have been included in the above cost.

** Does not include Electricity consumed in residential colony which is 0.62 kwh/tonne of cement. (Previous year 0.63 kwh/ tonne of cement)

\# Includes 425.68 lac units of TG-power sold from Ropar to PSEB.

^ Higher Sp. Heat consumption due to (1) High moisture in raw material on account of heavy rainfall and (2) Use of high ash coal.

FORM – B

(See Rule 2)

Form for disclosure of particulars with respect to Absorption

A. RESEARCH & DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company:

a) Evaluation of different types of Industrial Wastes & By-products for using as alternative fuel and alternative raw material at Ambujanagar.

b) Optimization of kiln burning condition through clinker microstructure study at Ambujanagar and modifying burner pipe at Rabriyawas.

c) Evaluation of new refractory material and their application to achieve enhanced life at Ambujanagar.

d) Gypsum optimization at Ropar.

e) Optimization of cement mill/classifier operation through particle size distribution study at Ambujanagar.

2. Benefits derived as a result of above R & D:

a) Conservation of resources.

b) Longer Refractory Life.

c) Reduction in clinker factor and thus conserving resources by increasing fly ash and gypsum in cement.

3. Future Plan of action:

a) Usage of special Refractory suitable to use with alternate fuel at Ambujanagar.

b) Beneficiation of Phosphogypsum and use as Set Retarder at Ambujanagar.

c) Installation of new alternative fuel handling and feeding system and their preparation platform to increase their usage at Ambujanagar.

d) Study of particle size distribution of Portland Pozzolana Cement through particle size analyzer at Sankrail.

4. Expenditure on R & D:

	Current Year 31.12.2007 (Rs. in crores)	Previous Year 31.12.2006 (Rs. in crores)
A. Capital expenditure	**0.02**	2.08
B. Recurring expenditure	**0.64**	0.48
C. Total expenditure	**0.66**	2.56
D. Total R & D expenditure as a percentage of total turnover	**0.01%**	0.04%

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

The technology has been fully absorbed. Company's personnel from operations, maintenance and development were deputed for training through seminars and visits.

2. Benefits derived as a result of the above efforts:

Used 36100 MT of biomass fuels in addition to Rice husk resulting in savings of Rs. 1.38 crores as substitution benefit over coal. Based on the performance of overbed firing system, new 80 tph boiler is designed with dual firing system capable of using all types of fuels at Ropar.

3. Information regarding technology imported during last 5 years:

No technology was imported in last 5 years.

ANNEXURE – II

PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES,1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE CORPORATE FINANCIAL YEAR ENDED 31ST DECEMBER, 2007

Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rupees)	Qualifications	Experience (years)	Date of Commencement of Employment	Last Employment
A) EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING RS. 24,00,000/- OR MORE PER ANNUM						
Agarwal M. (38)	GM (Treasury & Corporate Strategies)	2,435,469	B.Com., C.A., Grad.C.W.A.	11	2/19/1996	–
Darak R.R. (51)	President (Accounts & IT)	5,209,111	B.Com., F.C.A., A.C.S., C.M.A., DISA(ICA)	28	10/16/1985	W.H.Brady & Co. Ltd., Chief Accountant-cum-Asst. Secretary
Desai A.R. (46)	Sr. Vice President (Marketing)	3,403,460	B.E. (Chem.), M.B.A. (Marketing)	25	6/18/1987	Torrent Lab Pvt. Ltd., Marketing Officer
Deshpande A.V. (42)	Asst.Vice President (Accounts)	2,550,761	B.Com., A.C.A.	20	7/18/2006	Indokem Ltd., Vice President (Finance)
Deshpande V.V. (50)	Vice President (Brand & Promotion)	2,881,236	B.Com., D.A.& P.R., Dip. in Journalism	19	9/21/1987	Raymond Woolen Mills, Assistant
Duggal S. (45)	Sr. Vice President	3,010,100	B.E. (Elect.)	23	07/09/1992	Modi Cements, General Manager
Gangal G.G. (42)	Vice President (Harp & Taxation)	3,656,662	B.Com., LL.B., F.C.A.,	20	7/3/2000	Real Value Appliances Dy. General Manager (Taxation)
* Ghuwalewala N.P. (63)	Whole-time Director	15,440,819	B.Chem., M.Phil.	38	6/28/2004	Birla Corporation Ltd., Whole-time Director
Gupta A. (57)	Vice President (Power Projects)	3,244,741	B.Sc. (Engg.), Mech.	35	11/16/2000	Vasavadatta Cement, Sr. General Manager (PP)
Gupta S.K. (47) (Ports & Shipping)	Sr. Vice President	4,006,167	Master Mariner (Foreign Going)	29	2/8/1993	Century Shipping, Century Textile & Industries Ltd., Marine Manager
Hapani N.K. (57)	Jt. President (TSS)	4,187,988	B.E. (Mechanical), M.I.E.	34	10/29/1985	Walchandnagar Industries Ltd., Mechanical Erection Engineer
Hariharan G. (54)	Sr. Vice President (Legal)	3,051,773	B.Com., LLM., F.C.S.	34	1/15/2001	Amforge Group, Vice President & Co. Secretary
Jagetiya B.K. (54)	Asst. Vice President (OPS)	2,643,258	M.Sc. (Chem.)	32	1/12/1988	Birla Cement Works, Chief Chemist
Jain J. (41)	Asst. Vice President (Commercial)	2,869,744	M.Com., A.C.A.	19	10/15/1988	–
Jalpota S.R. (55)	Sr. Vice President	2,993,771	M.Sc. (Hons.), M.B.A.	33	09/09/2003	Vam Organic Chemicals Ltd., Vice President (Commercial)
Joshi S. (46)	Vice President (Capex & Budget)	3,376,063	B.Com., A.C.A.	23	6/1/2004	Ambuja Cement Eastern Ltd., Vice President (Finance)
* Kampani R.J. (67)	Advisor (Commercial)	6,000,000	B.Com., F.C.A.	46	7/1/2006	Hindustan Lever Ltd., Marketing & Dist. Manager
Kapur A.A. (42)	Sr. Vice President (Marketing)	3,172,431	B.A., M.M.S.	17	2/1/1993	Citi Bank, Assistant Manager
* Kapur A.L. (73)	Managing Director	25,192,539	B.A., F.C.A., F.I.C.W.A.	49	2/20/1999	Birla Corporation Ltd., Executive Director & CEO
Kaul A. (57)	President - Marketing (North & East)	4,402,909	M.A.	35	01/09/1994	Floatglass India Ltd., Deputy Director (Sales & Marketing)
* Kulkarni P.B. (65)	Whole-time Director	17,999,268	B.E. (Mech.)	41	08/02/1983	Lakshmi Cement, J.K. Cement Ltd., Chief Engineer
Kumar Chanchal (54)	Sr. Vice President	4,102,313	Diploma in Electronics, M.B.A. (HR)	33	3/4/1985	Larsen & Toubro Ltd., Cement Division, Officer (Engg.)
Lalaji B. (54)	Vice President (IT)	2,848,666	B.Tech. (Chem), M.Tech. (Indl. Engg.)	30	01/06/1996	Merind (I) Ltd. Bombay, Manager (Information Technology)
Malgonde B. (54)	General Manager (Shipping)	2,750,598	B.E. (Mech.), DMET	20	07/16/1996	Nomadic Ship Marigum, Chief Engineer
Mantri S.K. (46)	Asst. Vice President (Accounts)	2,692,784	B.Com. (Hons), F.C.A.	21	10/4/2000	M/s Xpro India Ltd., General Manager
Narain M. (46)	Asst. Vice President (HR)	2,538,790	B.Sc., M.M.S.	23	8/1/2006	VVF Ltd., General Manager (HR)
Nety R.M. (49)	Asst. Vice President (Shipping)	3,182,684	First Class Engineer (Motor)	26	1/22/1996	ABS Marine Services, Staff CH. Engr.
Pandya A.J. (54)	Chief Internal Auditor	3,814,736	B.Com., F.C.A., DISA (ICAI)	30	5/12/1986	Deepak Nitrite Ltd., Head (Internal Audit)
Patel H.S. (58)	President (Ambujanagar)	3,607,677	M.Tech. (Chemistry)	32	8/1/2001	Larsen & Toubro Ltd., Cement Division, Chief Executive (Works)
Raju U.R. (55)	Vice President (Mineral Resources)	2,655,941	M.Sc. (Tech.)	31	7/22/1992	N.C.C.B.M., Programme Leader
* Rao A.V. (76)	Chief (Projects)	8,340,000	B.E. (Civil)	54	9/1/2004	Straw Products Ltd., Chief Engineer (Construction)
Sadhu S.K. (60)	Vice President	2,768,792	B.Sc. (Eng.) Electricals, P.G.D.M.	32	3/26/1996	Hindustan Copper Ltd., DGM (Engg. Service)
* Sastry P.N. (59)	Advisor (Training & Development)	3,150,000	B.Com., M.B.A. (Pers)	34	11/3/2000 11/8/2006	Khimji Ramdas, Group HR Head
Saxena Y.K. (52)	Vice President (Environment)	2,458,446	B.Tech. (Chem), MSC-Tech, PGDBM, Ph.D	30	9/8/1990	Chem Projects Design & Engg. Pvt. Ltd., Manager, Env. Engg.
Sharma K. (57)	Vice President (Corporate Affairs)	2,410,313	B.A., D.M.M.	37	9/30/1994	ACC Ltd., Resident Executive

ANNEXURE – II *(Contd.)*

Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rupees)	Qualifications	Experience (years)	Date of Commencement of Employment	Last Employment
Sharma S. (50)	Vice President (TSS)	3,024,135	B.E. (Mech.)	28	4/8/1983	Lakshmi Cement, J.K. Cement Ltd., Mechanical Engineer
Sharma V.P. (53)	President (Rabriyawas)	4,060,112	M.Sc.	32	1/25/1996	Gujarat Siddhi Cements Ltd., Sr. Vice President
Srivastava K.S. (54)	Vice President (TSS)	2,682,324	B.E. (Elec)	30	1/3/1985	The UP State Cement Co., Electrical Engr.
Srivastava R.K. (54)	Vice President (TSS)	2,963,880	B.E. (Electro & Telecom), M.Tech.	30	10/7/1985	Orient Cement, Sr. Instrumentation Engineer
* Taparia B.L. (57)	Whole-time Director & Company Secretary	11,356,237	B.Com., LLB., F.C.S.	37	11/28/1983	Jain Spinners Ltd., Secretary & Finance Manager
Tejwani S.K. (49)	Vice President (Technical)	2,541,199	B.E. (Mech.)	27	12/29/2000	Prism Cement Ltd. Joint General Manager (Mech.)
Toshniwal S.N. (54)	Business Head (East)	3,762,220	B.Com., C.A.,C.S., I.C.W.A.	30	6/29/2001	Usha Beltron Limited, Sr. Vice President (Materials)

B) EMPLOYED FOR A PART OF THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING RS. 2,00,000/- OR MORE PER MONTH

Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rupees)	Qualifications	Experience (years)	Date of Commencement of Employment	Last Employment
Acharya P. (55)	Sr. Vice President (Technical)	1,086,211	B.E. (Mech), PGDMM, PGDIM, MBA	30	5/22/2002	M/s Laxmi Cements, General Manager (Mechanical)
# Alvandar R. (50)	Chief Engineer	643,595	Class I (MOT)	28	8/24/2007	
* Atkinson D. (50)	Chief Financial Officer	6,414,921	B.A. (Hons.), F.C.M.A.	27	9/1/2007	Holcim Ltd., Regional Controller
# Bakshi T.P.S. (62)	Master	1,780,334	Master (F.G.)	39	2/5/2007 6/5/2007 10/17/2007	
# Bhasin R. (53)	Chief Engineer	546,075	Class I (MOT)	32	10/25/2007	
# Chawla A.L.(61)	Chief Engineer	4,082,026	MOT I Class	37	5/16/1997 6/14/2007 10/31/2007	
# Choudhary F.K. (40)	Chief Engineer	768,044	Panama I. Eng.	12	8/14/2007 12/4/2007	
* Desai J.P. (62)	Sr. Vice President (TS)	1,840,000	B.Sc., B.E. (Civil)	41	6/23/1986	Indian Hume Pipe Co. Ltd., Development Engineer
Deshmukh V. (49)	Vice President (Commercial)	2,841,158	B.E. (Mech), MBA	25	1/1/1992	Lloyd Steel Industries Limited, Asst.Manager
* Dordi C.M. (60)	Customer Support Group Head - West & Exports	2,658,471	B.Tech., M.Tech.	31	5/14/1994 5/23/2007	Tata Electric Co. Ltd., Manager (Civil)
# Gopalkrishnan V.P. (61)	Chief Engineer	3,118,670	MOT I Class	40	2/24/1999 4/8/2007 11/9/2007	
# Iyengar G.R. (60)	Master	1,909,363	Master (F.G.)	37	12/23/1993 4/7/2007 11/7/2007	
Jain A. (48)	Asst. Vice President (TSS)	2,561,090	B.Sc. (Engg.)	26	7/1/1985	Orissa Cement, Asst. Engineer
# Khullar J.R. (51)	Chief Engineer	421,971	Class I (MOT)	26	9/27/2006 3/8/2007	
# Kulkarni M.B. (46)	Chief Engineer	621,802	Class I (MOT)	23	9/1/2007	Great Circle Shipping, Chief Engineer
# Machado T.M. (57)	Chief Engineer	1,302,391	MOT I Class	36	7/31/2007	Varun Shipping, Chief Engineer
# Menon S. (52)	Master	1,091,366	Master (F.G.)	20	6/12/2007 10/22/2007 12/6/2007	
# Mishra A.K. (46)	Master	1,117,546	MATE (H.T.)	18	4/23/2007	
# Nihalani A.T. (63)	Chief Engineer	1,313,944	Class I (MOT)	34	3/20/2007 8/5/2007 12/19/2007	
Setty C.N.J. (65)	President	3,463,407	B.E. (Mechanical), M.I.E.	32	5/24/2007	Mysore Cement, Dy. General Manager (Proj.)
# Singh Karnail (61)	Chief Engineer	2,768,902	MOT I Class	40	5/26/1997 4/26/2007 11/5/2007	
* Singhvi Anil (48)	Managing Director	66,681,283	B.Com., F.C.A.	25	1/21/1986	Century Enka Ltd., Manager Accounts
Sodani R.C. (53)	President (Maratha Cement Works)	2,356,394	B.Com., F.C.A.	27	6/24/2001	Chambal Powers Limited, Executive President
# Surve A.P. (30)	Chief Engineer	232,874	Class III (NCV)	8	7/25/2007	Great Eastern Shipping, 2nd Engineer
Toshniwal J.C. (54)	Business Head (Northern)	2,410,329	B.E. (Hons.)(Mech.)	32	9/3/2007	Heidelberg Cement (India) Pvt. Limited, Director - Technical
# Verma H. (36)	Master	1,562,209	Master (F.G.)	7	6/10/2007 10/5/2007	

1) Remuneration includes Salary, Commission, contribution to Provident and other Funds and Perquisites (including medical, leave travel and leave encashment on payment basis and monetary value of taxable Perquisites), etc.

2) All the abovesaid appointments are non-contractual except marked * and are terminable by notice on either side.

3) None of the employee is related to any Director of the Company except Mr. Kapur A.A. and Mr. Kapur A.L. who are related to each other.

4) The persons (marked #) work on contractual basis with Shipping Department of the Company. They render services as and when required by the Company and such instances are more than one during the year. Therefore in their case there are multiple dates of commencement of employment.

CORPORATE GOVERNANCE

Report on the compliance of the Corporate Governance Code is given below.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in transparency, empowerment, accountability, safety of people and environment, motivation, respect for law and fair business practices with all its stakeholders. These practices being followed since inception have helped the Company in its sustained growth.

2. BOARD OF DIRECTORS

2.1 Composition:

The Board of Directors consists of 14 members with 5 Independent Directors, a Managing Director, 3 Executive Directors and 5 Non-Executive Directors. Out of 5 Non-Executive Directors, 3 Directors were appointed as nominees of Holcim. Mr. Suresh Neotia and Mr. Narotam Sekhsaria continue to be the Non-Executive Chairman and Vice Chairman respectively.

Mr. Anil Singhvi resigned from the post of the Managing Director on 30th April, 2007. Mr A. L. Kapur, then Whole-time Director was appointed as the Managing Director w.e.f. 1st May, 2007.

The Independent Directors on the Board are experienced, competent and highly renowned persons from their respective fields. The Independent Directors take active part at the Board and Committee Meetings which add value in the decision making process of the Board of Directors.

The composition of the Board of Directors is in conformity with the Corporate Governance Code. The composition as on 31st December, 2007 and the brief resume of each Director is given below:

Mr. Suresh Neotia (Non-Executive Chairman - Promoter Director)

Mr. Neotia, a noted industrialist, commerce and law graduate, joined the board of Ambuja Cements Limited in 1985. A Founder-Promoter of the Company, he had a key role in its success and phenomenal growth, besides charting its strategy and acting as the Company's external interface. He currently serves on the Central Board of Directors of Reserve Bank of India apart from some other Corporates. He has recently been awarded the *Padma Bhushan* for his contributions to industry and philanthropic social initiatives.

Mr. N. S. Sekhsaria (Non-Executive Vice Chairman - Promoter Director)

Mr. Sekhsaria, a Founder-Promoter of the Company, was the Chief Executive and Managing Director of the Company since its inception in April 1983 till January 2006. He is also Chairman of ACC Ltd. He holds a Bachelor's Degree in Chemical Engineering, having passed with Honours and Distinction (securing second rank) from the University of Bombay.

A pioneer in the cement industry, he is responsible for turning what was a commodity into a premium brand, and building one of the most efficient and profitable cement companies – taking the Company from a single 0.7 million tonne plant in Gujarat, to a 19 million tonne pan-Indian Company. He also redefined the industry with initiatives like bringing cement plants closer to cement markets, and linking plants to lucrative coastal markets by setting up ports and a fleet of bulk cement ships for the first time in India. The market capitalisation of the Company also increased from Rs. 18 crores to over Rs. 18,000 crores.

Mr. Markus Akermann (Promoter Director representing Holcim Ltd.)

Mr. Akermann, a Swiss national, obtained a degree in business economics from the University of St. Gallen in 1973 and studied economic and social sciences at the University of Sheffield, UK. He began his professional career in 1975 with the former Swiss Bank Corporation. In 1978, he moved to Holcim where he was active in a number of roles including Area Manager for Latin America and Holcim Trading. In 1993, he was appointed to the Executive Committee with responsibility for Latin America and international trading activities.

He was appointed CEO of Holcim Ltd. in 2002.

He joined the Board in May 2006 as Holcim nominee post-Holcim acquiring management control of the Company.

Mr. Paul Hugentobler (Promoter Director representing Holcim Ltd.)

Mr. Hugentobler, a Swiss national, obtained a degree in civil engineering from the Swiss Federal Institute of Technology, ETH, Zurich, and a degree in economic science from the University of St. Gallen. He joined Holcim Group Support Limited in 1980 as Project Manager and in 1994 was appointed Area Manager for Holcim Limited. During 1999-2000, he served as CEO of Siam City Cement, Bangkok, Thailand. He has been a Member of the Executive Committee of Holcim since January 2002 with responsibility for South Asia and ASEAN excluding Philippines.

He joined the Board in May 2006 as Holcim nominee post-Holcim acquiring management control of the Company.

Mr. M. L. Bhakta (Non-Executive, Independent Director)

Mr. Bhakta is a Senior Partner of Messrs. Kanga & Company, a leading firm of Advocates and Solicitors in Mumbai. He has been in practice for over 45 years and has vast experience in the legal field particularly on matters relating to corporate laws, banking and taxation.

He was the Chairman of the Taxation Law Standing Committee of LAWASIA, an Association of Lawyers of Asia-Pacific.

He is recipient of Rotary Centennial Service Award for Professional Excellence from Rotary International. He is listed as one of the leading lawyers of Asia for 2006 and 2007 by Asialaw, Hong Kong. He is on the Board of several large corporates.

He joined the Board in September 1985.

Mr. Nasser Munjee (Non-Executive, Independent Director)

Mr. Munjee holds a Bachelor's degree from Chicago and a Master's degree from the London School of Economics, UK. His journey in financial sector began with HDFC where he served for over 20 years at various positions including as its Executive Director. He was the Managing Director of Infrastructure Development Finance Co. Ltd. (IDFC) upto March 2004. Presently he is the Chairman of Development Credit Bank (DCB) since June 2005. Mr. Munjee has deep interest for rural development, housing finance, urban issues, specially the development of modern cities and humanitarian causes. Mr. Munjee is a Technical Advisor on the World Bank – Public Private Partnership Infrastructure and Advisory Fund. He is also associated with several public and private institutions as Chairman and Member of the Board or Trustee.

He joined the Board in August 2001.

Mr. Rajendra P. Chitale (Non-Executive, Independent Director)

Mr. Chitale, an eminent Chartered Accountant, is the Managing Partner of M/s. M.P. Chitale & Associates, a renowned firm of Chartered Accountants. He is also a member of the Insurance Advisory Committee of the Insurance and Regulatory Authority of India (IRDA), The Advisory Committee on Regulations of the Competition Commission of India and has served as a member of the Company Law Advisory Committee, Govt. of India, The Takeover Panel of the Securities and Exchange Board of India and the Maharashtra Board for Restructuring of State Enterprises, Govt. of Maharashtra. He has also served on the board of Life Insurance Corporation of India, Unit Trust of India, SBI Capital Markets Ltd., National Stock Exchange of India Ltd. and Small Industries Development Bank of India. He is on the Board of several large corporates.

He joined the Board in July 2002.

Mr. Shailesh Haribhakti (Non-Executive, Independent Director)

Mr. Haribhakti, an eminent Chartered Accountant, is the Managing Partner of Haribhakti & Co., a renowned firm of Chartered Accountants. He is the only Indian Member on the Standards Advisory Council of the International Accounting Standards Board. He is Chairman, Financial Planning Standards Board, India and serves on Financial Planning Standards Global Board. He is a member of the SEBI Committee on Disclosures and Accounting Standards; Convergence Committee of the Institute of Chartered Accountants of India (ICAI) on IFRS. He is also member of a Core Group on carbon Credits coordinated by Riskraft Consulting Ltd., on behalf of the Financial Technologies Group. He serves as member of managing committees of ASSOCHAM and IMC, and Corporate Governance Committee of ASSOCHAM and CII. He is also Chairman of the Global Warming Committee of IMC. He has been awarded as the Best Non-Executive Independent Director 2007 by Asian Centre for Corporate Governance (ACCG). He is on the Board of several listed Companies.

He joined the Board in May 2006.

Dr. Omkar Goswami (Non-Executive, Independent Director)

Dr. Goswami, a professional economist, is the Chairman of CERG Advisory, a corporate and economic advisory Company founded in 2004. He did his Masters in Economics from the Delhi School of Economics and his D.Phil.(Ph.D) from Oxford University. He taught and researched economics for 19 years at Oxford, Delhi School of Economics, Harvard, Tufts, Jawaharlal Nehru University, Rutgers University and the Indian Statistical Institute, New Delhi. In March 1997, he moved away from formal academics to become the Editor of Business India, one of India's prestigious business magazines. From August 1998 upto March, 2004. Dr. Goswami served as the Chief Economist of the Confederation of Indian Industry - the premier apex industry organization of India. He serves on the Board of several large corporates.

He joined the Board in July 2006.

Mr. Nirmalya Kumar (Promoter Director representing Holcim Ltd.)

Mr. Kumar, Professor of Marketing, Director of Centre for Marketing, and Co-Director of Aditya Birla India Centre at London Business School, is born in India, now a US citizen. He did his graduation in Commerce from Calcutta University, MBA from the University of Illinois at Chicago and Ph.D in marketing from Kellogg Graduate School of Management. Prior to his present assignment at Lonodon Business School, Mr. Kumar taught at Columbia University, Harvard Business School, IMD (Switzerland), and Northwestern University and has won several awards for his teaching. He has worked with various Fortune 500 Companies as consultant and has served on the Boards of reputed Indian companies.

He joined the Board in May 2006.

Mr. A.L. Kapur (Whole-time Director upto 30th April, 2007, and Managing Director from 1st May, 2007)

Mr. Kapur, B.A., FCA, FICWA, is a senior, experienced, mature and respected professional in Cement industry. Out of over 49 years of expereience in the Industrial sector, he has around 30 years of experience in the Cement industry occupying various senior positions including that of CEO. He has worked as Executive Director and Chief Executive Officer of Birla Corporation Ltd. (erstwhile Birla Jute and Industries Ltd.) He has also worked as Whole-time Director of ACC Ltd. from July 1985 to March 1989 and Whole-time Director (Finance) of Cement Corporation of India Ltd. and later he was the Managing Director of Zenith Ltd. He has worked as President of Cement Manufacturers Association, New Delhi (CMA) and Chairman of the Board of Governors of the National Council for the Cement and Building Materials (NCBM). Mr. Kapur was also the Chairman of the Development Council for the Cement Industry for 2 years from February 1999. Mr. Kapur has a very rich experience of all the facets of the industry and particularly of the Cement industry. He is also on the Board of ACC Ltd.

He joined the Board of ACL in May 1999.

Mr. P.B. Kulkarni (Whole-time Director)

Mr. Kulkarni is a Mechanical Engineer having 41 years of experience. He joined the Company in 1983 as Project Manager. After working in different positions in the Company he was appointed as a Whole-time Director in February 1999.

Mr. Kulkarni was responsible for implementing all the cement projects of the Company. He was also responsible in achieving operational efficiencies which are among the best in the cement industry.

Mr. N.P. Ghuwalewala (Whole-time Director)

Mr. Ghuwalewala is a Chemical Engineer having 38 years of experience. He has held senior positions in various large companies of repute including Executive Director of Birla Corporation Ltd. He was earlier Managing Director of Ambuja Cement Rajasthan Ltd., which has since merged with the Company. He was instrumental in turning this sick company (earlier known as DLF Cement Ltd.) into a highly profitable one.

He was appointed as Whole-time Director in June 2004.

Mr. B.L. Taparia (Whole-time Director and Company Secretary)

Mr. Taparia is a Commerce and a Law graduate and a Member of the Institute of Company Secretaries of India. He has over 37 years of experience. He joined the Company in 1983 as Deputy Company Secretary. After working in different positions in the Company, he was appointed as Whole-time Director in May 1999.

The following Director has ceased to be Director on the Board during the Financial Year ended on 31st December, 2007:

Mr. Anil Singhvi (Managing Director upto 30th April, 2007)

Mr. Singhvi is a Commerce graduate and a Chartered Accountant having 26 years of experience. He joined the Company in 1986 as Deputy Manager (Finance). After working in different positions in the Company, he was appointed as the Whole-time Director in May 1999 and subsequently as Managing Director in January 2006. He resigned as Managing Director with effect from 1st May, 2007.

2.2 Meetings and attendance record of each Director:

During the year ended on 31st December, 2007 the Board of Directors had 5 meetings. These were held on 2nd February, 2007, 20th April, 2007, 20th July, 2007, 19th October, 2007, 14th December, 2007.

The last Annual General Meeting (AGM) was held on 26th March, 2007.

The attendance record of the Directors at the Board Meetings during the year ended on 31st December, 2007, and at the last AGM is as under:

Sr. No.	Name of the Directors	Attendance at Board Meetings	Attendance at last AGM
(i)	**Those on Board as on 31st December, 2007**		
1.	Mr. Suresh Neotia, Chairman	5	Yes
2.	Mr. N.S. Sekhsaria, Vice Chairman	4	No
3.	Mr. Markus Akermann	4	Yes
4.	Mr. Paul Hugentobler	5	Yes
5.	Mr. M.L. Bhakta	5	Yes
6.	Mr. Nasser Munjee	4	Yes
7.	Mr. Rajendra P. Chitale	5	No
8.	Mr. Shailesh Haribhakti	5	Yes
9.	Dr. Omkar Goswami	4	Yes
10.	Mr. Nirmalya Kumar	5	No
11.	Mr. A.L. Kapur, Managing Director w.e.f. 01.05.2007	5	Yes
12.	Mr. P.B. Kulkarni, Whole-time Director	5	Yes
13.	Mr. N.P. Ghuwalewala, Whole-time Director	5	Yes
14.	Mr. B.L. Taparia, Whole-time Director & Company Secretary	5	Yes
(ii)	**Those who ceased to be Directors during the year ended on 31st December, 2007**		
1.	Mr. Anil Singhvi (Managing Director upto 30.04.2007)	2	Yes

2.3 Other Directorships etc.:

The details of the Directorships, Chairmanships and the Committee memberships in other Companies (excluding Private Limited Companies, Foreign Companies and Section 25 Companies) held by the Directors as on 31st December, 2007, are given below:

Sr. No.	Name of the Directors	No. of other Directorships	Chairman of the Board	Committee Member		Chairman of the Committee
				Mandatory	Non-Mandatory	(Mandatory)
1.	Mr. Suresh Neotia	5	–	1	1	–
2.	Mr. N.S. Sekhsaria	4	1	–	1	–
3.	Mr. Markus Akermann	1	–	–	–	–
4.	Mr. Paul Hugentobler	2	–	2	1	1
5.	Mr. M.L. Bhakta	4	–	3	2	1
6.	Mr. Nasser Munjee	14	1	10	9	5
7.	Mr. Rajendra P. Chitale	7	–	6	4	2
8.	Mr. Shailesh V. Haribhakti	14	–	8	–	5
9.	Dr. Omkar Goswami	7	–	8	6	2
10.	Mr. Nirmalya Kumar	1	–	–	–	–
11.	Mr. A.L. Kapur	2	–	1	–	–
12.	Mr. P.B. Kulkarni	–	–	–	–	–
13.	Mr. N.P. Ghuwalewala	–	–	–	–	–
14.	Mr. B.L. Taparia	1	–	–	–	–

2.4 Remuneration of Directors:

(i) The Managing Director and the Whole-time Directors are paid remuneration as per their respective agreements entered into with the Company. They are also paid performance bonus which is decided on annual basis by the Compensation and Remuneration Committee within the limit sanctioned by the shareholders. The said performance bonus provided for the year 2007 is of Rs.190 lacs. The amount payable to each individual was decided on the basis of their respective assignments and performance.

(ii) The previous Managing Director Mr. Anil Singhvi was paid commission also @ 1% of the net profits (pro-rata for his term) as appearing in the audited Profit and Loss Account in addition to the remuneration as per the agreement between the Company and Mr. Singhvi. The commission payable to him amounted to Rs. 587.80 lacs.

(iii) The Non-Executive Directors are paid sitting fees for attending the Board and Committee meetings. In addition, the Company has provided for payment of commission to all Non-Executive Directors at the rate of Rs. 6 lacs for each of the Directors for the financial year 2007 which is payable pro-rata to those who were in office for part of the year.

The Company has provided additional commission of Rs. 6 lacs for each of the members of the Audit Committee (all being Non-Executive Directors) for the financial year 2007, payable pro-rata to those who occupied the office for part of the year.

(iv) The details of remuneration, sitting fees, performance bonus and commission paid or provided to each of the Directors during the year ended on 31st December, 2007 are given below:

Sr. No.	Name of the Directors	Salary (Note No. 1) Rs.	Sitting fees Rs.	Commi-ssion Rs.	Stock Option (Note No. 2)	Service contract	Notice period	No. of shares held
(a)	**Those on Board as on 31st December, 2007**							
1.	Mr. Suresh Neotia		1,00,000	6,00,000				39000
2.	Mr. N.S. Sekhsaria		1,00,000	6,00,000				1000
3.	Mr. Markus Akermann		80,000	6,00,000				–
4.	Mr. Paul Hugentobler		2,20,000	12,00,000				–
5.	Mr. M.L. Bhakta		2,80,000	12,00,000				225000
6.	Mr. Nasser Munjee		1,40,000	6,00,000				–
7.	Mr. Rajendra P. Chitale		2,00,000	12,00,000				–
8.	Mr. Shailesh Haribhakti		2,00,000	12,00,000				–
9.	Dr. Omkar Goswami		80,000	6,00,000				–
10.	Mr. Nirmalya Kumar		1,00,000	6,00,000				–
11.	Mr. A.L. Kapur As Managing Director (from 01.05.2007) As Whole-time Director (upto 30.04.2007)	2,30,54,049 21,38,490			2,50,000	5 years	6 months	1108700
12.	Mr. P.B. Kulkarni Whole-time Director	1,79,99,268			2,50,000	5 years	6 months	1150552
13.	Mr. N.P. Ghuwalewala Whole-time Director	1,54,40,819			1,75,000	5 years	6 months	400000
14.	Mr. B.L. Taparia Whole-time Director and Company Secretary	1,13,56,237			1,25,000	5 years	6 months	695250
	SUB-TOTAL (a)	**6,99,88,863**	**15,00,000**	**84,00,000**	**8,00,000**			**3619502**
(b)	**Those who ceased to be Directors during the year ended on 31st December, 2007**							
1.	Mr. Anil Singhvi (Managing Director upto 30.04.2007)	99,00,436		5,87,80,847		5 years	6 months	626135
	GRAND TOTAL (a)+(b)	**7,78,89,299**	**15,00,000**	**6,71,80,847**	**800000**			**4245637**

Notes :

1. Salary includes basic salary, performance bonus, allowances, contribution to Provident, Superannuation and Gratuity Funds and perquisites (including monetary value of taxable perquisites), etc.
2. Stock Options:

   Managing Director and all the other Whole-time Directors were granted stock options on 7th June, 2007 as stated against their names. They are entitled to subscribe for one equity share for each option at an exercise price of Rs.113/- per share. This exercise price has been computed by averaging the daily closing price of equity shares of the Company during the 7 days immediately preceding the date on which the options were granted.

   These stock options would vest on 7th June, 2008 i.e. on the expiry of one year from the date of grant and can be exercised within a period of 4 years from the date of vesting.

   Non-Executive Directors do not hold any convertible instruments.

2.5 Code of Conduct:

The Board of Directors has laid down a Code of Conduct for all Board members and all employees in management grade of the Company. The Code of Conduct is posted on the website of the Company.

All Board members and senior management personnel have confirmed compliance with the code.

A declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

2.6 Prevention of Insider Trading Code:

As per SEBI (Prevention of Insider Trading) Regulation, 1992, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors, employees at senior management level and other employees who could have access to the unpublished price sensitive information of the Company are governed by this code. The Company has appointed Mr. B.L.Taparia as Compliance Officer who is responsible for setting forth procedures and implementation of the Code of Conduct for trading in Company's securities.

3. AUDIT COMMITTEE

(i) The Audit Committee is headed by Mr. M.L. Bhakta and comprises of the following members:

1. Mr. M.L. Bhakta, Chairman
2. Mr. Paul Hugentobler
3. Mr. Rajendra P. Chitale
4. Mr. Shailesh Haribhakti

All the members of the Audit Committee are Non-Executive Directors and except Mr. Paul Hugentobler, all are Independent Directors. They possess sound knowledge of accounts, audit, finance etc.

Mr. A.L. Kapur, Managing Director is the permanent invitee and Mr. B.L. Taparia, Whole-time Director and Company Secretary acts as Secretary to the Committee.

(ii) The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act. These broadly include approval of annual internal audit plan, review of financial reporting systems, internal control systems, ensuring compliance with regulatory guidelines, discussions on quarterly, half yearly and annual financial results, interaction with statutory, internal & cost auditors, recommendation for appointment of statutory and cost auditors and their remuneration.

In addition to the above, the committee also reviews the following:

(a) Management's Discussions and Analysis of Company's operations,

(b) Periodical Internal Audit Reports,

(c) Letters of Statutory Auditors to management on internal control weakness, if any,

(d) Appointment, removal and terms of remuneration of Chief Internal Auditor,

(e) Significant related party transactions,

(f) Financial statements, in particular investments made by the subsidiary companies,

(g) Risk framework.

(iii) The Company has framed the Audit Committee Charter for the purpose of effective compliance of Clause 49 of the Listing Agreement.

(iv) The Audit Committee during the year ended on 31st December, 2007 had 5 meetings. The attendance of each Committee member was as under:

Sr. No.	Name of the Directors	Category	No. of Meetings attended
1.	Mr. M.L. Bhakta, Chairman	Non-Executive, Independent	5
2.	Mr. Paul Hugentobler	Non-Executive	5
3.	Mr. Rajendra P. Chitale	Non-Executive, Independent	5
4.	Mr. Shailesh Haribhakti	Non-Executive, Independent	5

Head of Internal Audit department attends all the Audit Committee meetings as far as possible and briefs the Committee on all the points covered in the Report as well as the other issues which come up during discussions.

The representatives of the Statutory Auditors have attended all the 5 Audit Committee meetings held during the year. The representatives of the Cost Auditors have attended 1 out of 5 Audit Committee meetings held during the year.

4. COMPENSATION AND REMUNERATION COMMITTEE

The Compensation & Remuneration Committee comprises of following members:

1. Mr. M.L. Bhakta, Chairman
2. Mr. Paul Hugentobler
3. Mr. N.S. Sekhsaria
4. Mr. Nasser Munjee

The Committee during the year ended on 31st December, 2007 had 2 meetings. The attendance of the members was as under:

Sr. No.	Name of the Directors	Category	No. of Meetings attended
1.	Mr. M.L. Bhakta, Chairman	Non-Executive, Independent	2
2.	Mr. Paul Hugentobler	Non-Executive	2
3.	Mr. N.S. Sekhsaria	Non-Executive	2
4.	Mr. Nasser Munjee	Non-Executive, Independent	2

Mr. A.L. Kapur, Managing Director is the permanent invitee for all the Committee meetings.

The Committee is empowered –

a) to finalise the basic structure of the Employees' Stock Option Scheme and recommend the same to the Board for its approval as well as for the approval of the shareholders. After these approvals, the Committee decides the eligibility of each category of employees, grant the options to them and supervise the implementation of the Scheme;

b) to decide the revision in remuneration of the Whole-time Directors and payment of performance bonus to them within the sanction of the shareholders.

The remuneration to the Whole-time Directors and grant of stock options to them are decided on the basis of following broad criteria:

a) Industry trend.

b) Remuneration package in other comparable corporates.

c) Job contents.

d) Company's performance and individual's key performance areas.

5. SHARE ALLOTMENT AND INVESTORS' GRIEVANCES COMMITTEE

The Committee looks into allotment of shares kept in abeyance, allotment of privately placed preference shares, debentures, bonds etc. allotment of shares on exercise of the stock options by the employees and is responsible for the redressal of investors' complaints.

The Committee is headed by Mr. M.L. Bhakta, Non-Executive Director and consists of the following members:

1. Mr M.L. Bhakta, Chairman (w.e.f. 19th October, 2007)
2. Mr. Nasser Munjee, Chairman (upto 18th October, 2007)
3. Mr. N.P. Ghuwalewala
4. Mr. A.L. Kapur
5. Mr. B.L. Taparia

During the year ended on 31st December, 2007, this Committee had 11 meetings which were attended by the members as under:

S. No.	Name of the Member	Category	No. of Meetings attended
1.	Mr. M.L. Bhakta	Non-Executive	2/3
2.	Mr. Nasser Munjee	Non-Executive	4/8
3.	Mr. A.L. Kapur	Managing Director	10/11
4.	Mr. N.P. Ghuwalewala	Whole-time Director	9/11
5.	Mr. B.L. Taparia	Whole-time Director and Company Secretary	11/11

Mr. B.L. Taparia, Whole-time Director and Company Secretary is designated as the Compliance Officer who is overseeing the investors' grievances. The Company has received 29 complaints during the year ended on 31st December, 2007. All the complaints have been processed on time. None of the complaints are pending for a period exceeding 30 days. All the requests for transfer of shares have been processed on time and there are no transfers pending for more than 30 days.

6. OTHER COMMITTEES OF DIRECTORS

In addition to the above referred Committees which are mandatory under the Corporate Governance Code and under the SEBI's guidelines on Stock Options, the Board of Directors has constituted the following more Committees of Directors to look into various business matters:

Name of the Committee	Business	Members as on 31st December, 2007
Committee of Directors (Bank Matters)	Approval for various facilities granted by the Banks, execution of documents, opening and closing of Accounts, changes in authorised signatories, giving operating instructions and all other banking matters.	Mr. M.L. Bhakta, Chairman Mr. A.L. Kapur Mr. N.P. Ghuwalewala Mr. B.L. Taparia
Management Committee	To authorise and grant Power of Attorney to various executives of the Company for attending and executing Company's work as may be considered necessary.	Mr. A.L. Kapur, Chairman Mr. P.B. Kulkarni Mr. N.P. Ghuwalewala Mr. B.L. Taparia
Share Transfer Committee	To approve transfer of shares/ debentures/bonds, issue of duplicate/ re-materialised shares, transmission of shares/debentures/bonds, consolidation and splitting of certificates etc.	Mr. B.L. Taparia, Chairman Mr. A.L. Kapur Mr. P.B. Kulkarni Mr. N.P. Ghuwalewala

7. GENERAL BODY MEETINGS

(i) Annual General Meeting (AGM):

The Company convenes Annual General Meeting generally within four months of the close of the Corporate Financial Year. The details of Annual General Meetings held in last 3 years are as under:

Year	Day, Date and Time	Venue	Whether Special Resolution passed
2003-2004	22nd AGM held on Monday, 18th October, 2004 at 9.00 a.m.	Registered Office	Yes
2004-2005	23rd AGM held on Monday, 10th October, 2005 at 9.00 a.m.	Registered Office	Yes
2005-2006	24th AGM held on Monday, 26th March, 2007 at 10.00 a.m.	Registered Office	Yes

ii) General Meeting other than AGM:

In addition to Annual General Meeting, the Company holds General Meetings of the shareholders as and when need arises. There was no such meeting held during the year.

8. POSTAL BALLOT

The postal ballot was conducted pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 on the Special and Ordinary Resolutions set out in Notice Dated 9th August, 2007, seeking consent of the members for:

1. Appointment of Mr. A.L. Kapur as Managing Director (Resolution No. 1)
2. Increase in remuneration of Mr. P.B. Kulkarni, Whole-time Director (Resolution No. 2)
3. Increase in remuneration of Mr. N.P. Ghuwalewala, Whole-time Director (Resolution No. 3)
4. Increase in remuneration of Mr. B.L.Taparia Whole-time Director (Resolution No. 4)
5. Approval u/s 314 of the Companies Act, 1956 for Mr. Milind Kulkarni s/o Mr. P.B. Kulkarni, Whole-time Director (Resolution No. 5).

Mr. Girish C. Adhyaru, Advocate, Gandhi Sheri, Kodinar – Dist Junagadh, Gujarat was appointed as Scrutinizer to conduct the postal ballot process.

The resolutions was declared as passed through the postal ballot. The voting results were as under:-

	Resolution No. 1	Resolution No. 2	Resolution No. 3	Resolution No. 4	Resolution No. 5
Total no. of votes cast	690522848	690522848	690522848	690522848	690522848
Votes assenting the resolution	689844387	688051020	689436642	688779153	687774282
Votes dissenting the resolution	592745	2344231	973413	878552	2601065
% of votes in favour	99.90	99.64	99.84	99.75	99.60

9. DISCLOSURES

i) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with the Company's interest. Suitable disclosure as required by the Accounting Standard (AS18) has been made in the Annual Report.

ii) There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large.

iii) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

iv) The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimisation procedures and periodical reviews to ensure that risk is controlled by the Executive Management.

10. CEO/CFO CERTIFICATION

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have issued necessary certificate pursuant to the provisions of Clause 49 of the Listing Agreement and the same is annexed and forms part of the Annual Report.

11. NON-MANDATORY REQUIREMENTS

Among non-mandatory requirements – (i) the Company maintains a separate office for Non-Executive Chairman and (ii) the Board has set up a Compensation & Remuneration Committee. The other non-mandatory requirements not yet adopted by the Company are as under:

i) Fixing tenure for Independent directors viz. 9 years.

ii) The half-yearly financial performance to be sent to each household of shareholders.

iii) Audit qualification – Zero qualification regime.

iv) Training of Board members.

v) Mechanism for evaluating non-executive Board members.

vi) Whistle blower policy.

12. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These are widely published in The Economic Times, The Financial Express and Jaihind.

These results are simultaneously posted on the website of the Company at www.gujaratambuja.com and on the Corporate Filing and Dissemination System (CFDS) viz. www.corpfiling.co.in website maintained by SEBI in association with the National Informatics Centre (NIC).

The official press releases and presentation made to Institutional Investors/Analysts are also available on the Company's website.

13. GENERAL SHAREHOLDERS' INFORMATION

13.1 Registered Office:

P.O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat - 362 715.

13.2 Address for Correspondence:

Elegant Business Park, D-Block, MIDC Cross Road 'B', Off. Andheri-Kurla Road, Andheri East, Mumbai-400 059.

Exclusive e-mail id for Investor Grievances

Pursuant to Clause 47(f) of the Listing Agreement, the following e-mail ID has been designated for communicating investors' grievances:

shares@ambujacement.com

13.3 Plant Locations:

Cement Plants

1. P.O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat - 362 715.
2. Village Suli, P.O. Darlaghat, District Solan, Himachal Pradesh - 171 102.
3. Maratha Cement Works, At Post - Upperwahi, Dist. Chandrapur, Maharashtra - 442 908.
4. Village Rabriyawas, Tehsil Jaitaran, Dist. Pali, Rajasthan - 306 709.
5. Village Rawan, Tehsil Baloda Bazar, Dist. Raipur, Chhatisgarh - 493 331.

Grinding Stations

1. Village Daburji, District Roopnagar, Punjab - 140 001.
2. P.O. and District Bathinda, Punjab - 150 001.

3. P.O. and Village Dhulagori, P.S. Sankrail, Dist. Howrah, West Bengal - 711 302.
4. Survey No. 39/40, Magdalla Port Road, Village Gavier, Taluka - Choryasi, District Surat, Gujarat - 395 010.
5. Roorkee, Village Lakeshwari, Pargana - Bhagwanpur, Tehsil - Roorkee, Dist. Haridwar, Uttarakhand.

Bulk Cement Terminals

1. Muldwarka, Taluka Kodinar, District Junagadh, Gujarat - 362 715.
2. Survey No. 39/40, Magdalla Port Road, Village Gavier, Taluka - Choryasi, District Surat, Gujarat - 395 010.
3. Village Moha, Near Ulwa Reti Bunder, Post. Ulwa, District Raigad, Maharashtra - 410 306.

13.4 Share Transfer Agents:

Sharepro Services India Pvt. Ltd.,
Satam Estate, 3rd Floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai 400 099.
Tel. No.: (022) 67720300
Email - sharepro@shareproservices.com

13.5 Annual General Meeting:

Day & Date : Tuesday, 22nd April, 2008

Time : 10.00 a.m.

Venue : Registered Office - P.O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat - 362 715.

13.6 Book Closure:

16th February, 2008 to 29th February, 2008.

13.7 Dividend Payment Date to the Shareholders:

Within seven working days from the date of Annual General Meeting.

13.8 Listing of Shares and Other Securities:

A. Equity Shares

The equity shares are at present listed at the following Stock Exchanges:

Name of the Stock Exchanges	Stock Code/Symbol
i) Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023	500425
ii) National Stock Exchange of India Ltd. Exchange Plaza, 5th floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	AMBUJACEM

B. Debentures

All the outstanding Debentures of the Company are listed at the wholesale debt segment of the National Stock Exchange of India Ltd.

C. GDRs

The GDRs are listed at Luxembourg Stock Exchange, Societe de la Bourse de Luxembourg, Avenue de la Porte Neuve L-2011 Luxembourg, B.P.165

D. ISIN: INE079A01024

E. Corporate Identity Number (CIN): L26942GJ1981PLC004717

13.9 Listing Fees:

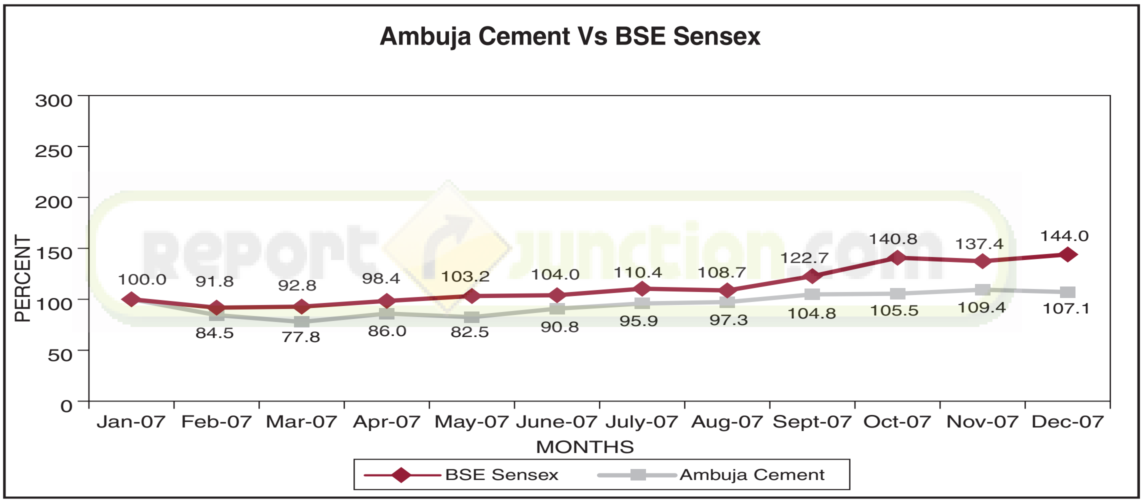
Company has paid listing fees upto 31st March, 2008 to the Bombay Stock Exchange (BSE) and National Stock Exchange of India Ltd. (NSE) where Company’s shares are listed.

13.10 Market Price Data:

The high/low market price of the shares during the year 2007 at the Stock Exchange, Mumbai and at National Stock Exchange of India Ltd. were as under:

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
January-07	150.00	133.15	153.00	129.50
February-07	145.00	107.00	145.00	107.50
March-07	118.95	99.80	118.90	99.60
April-07	122.50	100.25	126.00	100.20
May-07	125.40	111.00	128.00	112.10
June-07	127.40	107.05	129.90	105.00
July-07	140.50	118.00	140.85	122.05
August-07	141.00	122.00	154.00	121.10
September-07	154.00	132.50	149.90	132.50
October-07	154.00	132.00	154.25	137.00
November-07	152.40	141.00	152.95	141.00
December-07	160.90	144.00	160.80	143.05

13.11 Performance in Comparison to Broad Based Indices:



The original investment of Rs.10 made in our Company in 1985 in one Equity Share is now worth about Rs. 4,400 as on 31st December, 2007, i.e. an appreciation of 440 times.

13.12 Distribution of Shareholding:

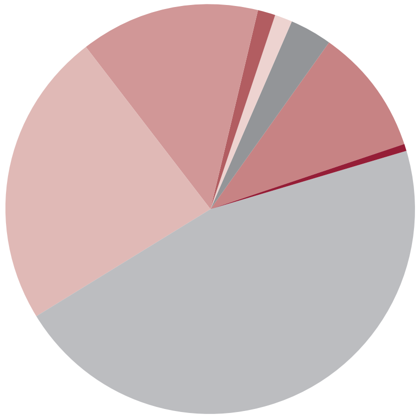
The shareholding distribution of the equity shares as on 31st December, 2007 is given below:

No. of Equity Shares	No. of Shareholders	No. of Shares	Percentage of Shareholding
Less than 50	115714	2953036	0.19
51 to 100	39913	3567451	0.23
101 to 500	42132	11103430	0.73
501 to 1000	11808	9290059	0.61
1001 to 5000	21462	57066420	3.75
5001 to 10000	4262	30774863	2.02
10001 to 50000	2473	45476123	2.99
50001 to 100000	150	10678698	0.70
100001 to 500000	135	30699598	2.02
500001 & above	110	1320765744	86.76
TOTAL	**238159**	**1522375422**	**100.00**

13.13 Shareholding Pattern:

The shareholding of different categories of the shareholders as on 31st December, 2007 are given below:

Category	No. of shares (in lakhs)	%
Indian Promoters	120.43	0.79
Foreign Promoters	6953.94	45.68
Foreign Investors (Including FIIs)	3576.85	23.50
Mutual Funds, Banks & Institution	2143.82	14.08
OCB, NRI	216.10	1.42
Body Corporates	184.75	1.21
GDR Holders	516.10	3.39
Others	1511.76	9.93
TOTAL	**15223.75**	**100.00**



13.14 Dematerialisation of Shares:

About 97% of total Equity Share Capital is held in dematerialised form with NSDL and CDSL as on 31st December, 2007.

13.15 Secretarial Audit:

As stipulated by Securities and Exchange Board of India (SEBI), a qualified practising Company Secretary carries out the Secretarial Audit to reconcile the total Admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to stock exchanges, NSDL and CDSL and is also placed before the Board of Directors.

13.16 Outstanding GDRs or Warrants or any Convertible Instrument, conversion dates and likely impact on equity:

(i) The Company had issued Foreign Currency Convertible Bonds (FCCB) in the year 1993 and 2001. Out of the total conversion of these bonds into GDRs, 5,16,10,062 GDRs are outstanding as on 31st December, 2007 which are listed on the Luxembourg Stock Exchange, Luxembourg. The underlying shares representing the outstanding GDRs have already been included in equity share capital. Therefore, there will be no further impact on the equity capital of the Company.

(ii) The Company has issued warrants and has granted stock options from time to time in the past. The outstanding position of these convertible instruments as on 31st December, 2007 and their likely impact on the equity share capital is as under:

Sr. No.	Issue Particulars	*Conversion rate (as adjusted)	Likely impact on full conversion	
			Share Capital	Share Premium
		(Rs. per share)	(Rs. in crores)	(Rs. in crores)
A.	Employee Stock Options			
(i)	35900 Outstanding options granted under ESOS 2000-2001, one stock option convertible into 7.5 equity shares upto 12th November, 2009.	18.40	0.06	0.44
(ii)	12000 Outstanding options granted under ESOS 2002-2003, one stock option convertible into 7.5 equity shares upto 23rd October, 2008.	22.13	0.02	0.18
(iii)	39650 Outstanding options granted under ESOS 2003-2004, one stock option convertible into 7.5 equity shares upto 20th January, 2010.	41.33	0.06	1.17
(iv)	110175 Outstanding options granted under ESOS 2004-2005, one stock option convertible into 7.5 equity shares upto 9th March, 2010.	59.06	0.17	4.71
(v)	215575 Outstanding options granted under ESOS 2005-2006, one stock option convertible into 5 equity shares upto 6th November, 2010.	69.60	0.22	7.29

Sr. No.	Issue Particulars	*Conversion rate (as adjusted) (Rs. per share)	Likely impact on full conversion: Share Capital (Rs. in crores)	Share Premium (Rs. in crores)
(vi)	7131200 Outstanding options granted under ESOS 2007, one stock option convertible into 1 equity shares upto 6th June, 2012.	113.00	1.43	79.16
	SUB-TOTAL (A)		1.96	92.95
B.	Rights entitlement kept in abeyance out of the Rights Issue of equity shares and warrants to equity shareholders made in the year 1992			
(i)	144330 Right shares	Rs. 6.66	0.03	0.07
(ii)	191190 Warrants	Rs. 7.50	0.04	0.11
	SUB-TOTAL (B)		0.07	0.18
	GRAND TOTAL (A+B)		**2.03**	**93.13**

(*) Conversion price has been arrived after appropriate adjustment of split and bonus issues except in respect of ESOS 2007.

(iii) The diluted equity share capital of the Company upon conversion of all the outstanding convertible instruments will become Rs. 306.51 crores.

13.17 Share Transfer System:

Shares sent for transfer in physical form are registered and returned by our Registrars and Share Transfer Agents in about 15 to 20 days of receipt of the documents, provided the documents are found in order. Shares under objection are returned within two weeks. The Share Transfer Committee considers the transfer proposals generally on a weekly basis.

13.18 Financial Calendar 2007:

First quarterly results	:	April, 2008
Second quarterly/Half yearly results	:	July, 2008
Third quarterly results	:	October, 2008
Annual results for the year ending on 31st December, 2008	:	February, 2009
Annual General Meeting for the year ending on 31st December, 2008	:	April, 2009

13.19 Dividend Policy:

The first issue of shares was made by the Company in the year 1985-86 at Rs. 10/- per share. Company is paying dividend from its very first full year of operation. From a modest dividend of 11% in 1987-88, Company has been increasing dividend almost every year. This year, the Board has recommended a dividend of 175% including 125% paid as interim dividend.

The pay-out ratio for the year 2007 is 35%. As a future policy for payment of dividend, Company shall endeavour to follow a pay-out ratio of about 35% in the ordinary circumstances.

13.20 Dividend History for the last 6 years is as under:

Dividend year	Dividend	Date of Declaration	Date for transfer to IEPF on
2000-01	Final	05.10.2001	11.12.2008
2001-02	Interim	22.05.2002	30.08.2009
2001-02	Final	11.10.2002	11.12.2009
2002-03	Interim	10.04.2003	08.07.2010
2002-03	Final	06.10.2003	05.10.2010
2003-04	Interim	16.04.2004	06.07.2011
2003-04	Final	19.10.2004	19.12.2011
2004-05	Interim	20.04.2005	26.05.2011
2004-05	Final	10.10.2005	16.11.2011
2005-06	1st Interim	17.04.2006	15.06.2013
2005-06	2nd Interim	20.10.2006	18.12.2013
2005-06	Final	26.03.2007	23.05.2014

14. SUBSIDIARY COMPANIES

There is no material non listed Indian subsidiary company, requiring appointment of Independent director of the company on the Board of Directors of the subsidiary company. The requirements of the code with regard to subsidiary companies have been complied with.

DECLARATION REGARDING CODE OF CONDUCT

I hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

A.L. Kapur
Managing Director

Mumbai, January 24, 2008

CEO / CFO CERTIFICATION

To the Board of Directors

Ambuja Cements Ltd.

We have reviewed the financial statements, read with the cash flow statement of Ambuja Cements Ltd. for the year ended 31st December, 2007 and that to the best of our knowledge and belief, we state that;

(a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;

(ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.

(b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

(c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

(d) we have indicated to the Auditors and the Audit Committee:

(i) significant changes, if any, in the internal control over financial reporting during the year.

(ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

David Atkinson
Chief Financial Officer

A.L. Kapur
Managing Director

Mumbai, February 1, 2008

AUDITORS' CERTIFICATE

To the Members of
Ambuja Cements Limited

We have examined the compliance of conditions of Corporate Governance by Ambuja Cements Limited, for the year ended on December 31, 2007, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Mumbai, February 1, 2008

AUDITORS' REPORT

To the Members of Ambuja Cements Limited

1. We have audited the attached Balance Sheet of Ambuja Cements Limited ('the Company') as at December 31, 2007, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

    i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

    ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

    iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

    v. On the basis of the written representations received from the directors, as on December 31, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

    vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

        a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2007;

        b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

        c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Mumbai
February 1, 2008

ANNEXURE

Referred to in paragraph 3 of our report of even date

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, *except for a manufacturing unit where the records are in the process of being updated.*

(b) The Company has a programme for physical verification on a rotational basis, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its business. Accordingly, certain fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) During the year, there was no substantial disposal of fixed assets.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals, other than materials lying with third parties, which have been substantially confirmed by them.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification as compared to book records.

(iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under apply.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determine that they are accurate.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the disputed statutory dues on account of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess dues outstanding on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount** (Rs. in Crores)	Period to which the amount relates	Forum where dispute is pending
Central Sale Tax Act, 1956	Sales Tax	0.53	1992-1994	Tribunal
	Sales Tax	0.03	2002-2004	Assistant Commissioner
	Sales Tax	0.10	1991-1992	High Court
Various State Sales Tax Acts	Sales Tax/ Additional Tax/ Purchase Tax	0.30	1989-1991	Commercial Tax Officer
		0.19	1997-2005	Assistant Commissioner
		0.87	1992-2001	Tribunal
		8.47	1991-2003	High Court

Name of the Statute	Nature of dues	Amount** (Rs in Crores)	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Custom duty	0.40	2002-2006	CESTAT
		0.46	2002-2006	CESTAT*
Central Excise Act, 1944	CENVAT credit on various Capital Goods	0.18	2004-2005	CESTAT
Central Excise Act, 1944	CENVAT credit on various Capital Goods	0.30	1997-2003	CESTAT*
		2.49	1995-1998	High Court*
	Excise duty on clearence of Cement	0.05	2001-2002	CESTAT*
	Interest demand on delayed payment of duty	0.31	2005-2006	Commissioner (Appeals)
	CENVAT credit on various Inputs	0.87	2004-2005	Commissioner (Appeals)
		1.91	2001-2005	CESTAT
		0.51	1994-1996	CESTAT*
		0.77	1994-2004	High Court*
		0.54	1993-1997	Supreme Court*

* In respect of these cases the Department is in appeal.

** Net of amounts deposited.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. The Company has invested surplus funds in marketable securities and mutual funds. According to the information and explanations given to us proper records have been maintained of the transactions and contracts and timely entries have been made therein. The marketable securities and mutual funds have been held by the Company, in its own name.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, the Company has created security on the debentures issued.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) According to the information and explanations given to us, there were no fraud on or by the Company noticed or reported during the course of our audit.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Sudhir Soni
Partner
Membership No.:41870

Mumbai
February 1, 2008

BALANCE SHEET
as at 31st December, 2007

	Schedule	Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A	304.48		303.37
Share Application Money, pending allotment		–		0.05
Employee Stock Option Outstanding (Refer Note 29)		0.38		1.09
Reserves and Surplus	B	4,356.39		3,187.21
			4,661.25	3,491.72
Loan Funds				
Secured Loans	C	100.00		317.77
Unsecured Loans	D	230.42		547.61
			330.42	865.38
Deferred Tax Liability, net (Refer Note 10)			378.38	383.86
TOTAL			5,370.05	4,740.96
APPLICATION OF FUNDS				
Fixed Assets	E			
Gross Block		5,231.05		4,542.50
Less: Depreciation		2,271.19		2,053.32
Net Block		2,959.86		2,489.18
Capital Work in Progress (Refer Note 28)		510.03		541.92
		3,469.89		3,031.10
Advances against capital expenditure		186.76		93.01
			3,656.65	3,124.11
Investments	F		1,288.94	1,133.12
Current Assets, Loans and Advances				
Inventories	G	581.60		408.82
Sundry Debtors	H	145.68		89.95
Cash and Bank Balances	I	650.79		378.10
Other Current Assets	J	3.91		5.04
Loans and Advances	K	205.35		295.70
		1,587.33		1,177.61
Less: **Current Liabilities and Provisions**	L			
Current Liabilities		675.54		532.91
Provisions		493.55		168.68
		1,169.09		701.59
Net Current Assets			418.24	476.02
Miscellaneous Expenditure (to the extent not written off or adjusted)	M		6.22	7.71
TOTAL			5,370.05	4,740.96
Notes forming part of the Accounts	U			

As per our report of even date

S.R.BATLIBOI & ASSOCIATES
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai, 1st February, 2008

For and on behalf of the Board

B.L. Taparia
Whole-time Director & Company Secretary

David Atkinson
Chief Financial Officer

Suresh Neotia
Chairman

M.L. Bhakta
Chairman - Audit Committee

A.L. Kapur
Managing Director

N.S. Sekhsaria – Vice Chairman

Markus Akermann
Rajendra P. Chitale
Shailesh Haribhakti
Nirmalya Kumar
Omkar Goswami
Directors

P. B. Kulkarni
N.P. Ghuwalewala
Whole-time Directors

PROFIT AND LOSS ACCOUNT

for the year ended 31st December, 2007

	Schedule	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
INCOME				
Sales (Including VAT / Sales tax remission Rs. 73.08 crores; 31.12.2006-Rs 87.03 crores)		**6,469.68**		7,016.70
Less : Excise duty		**764.84**		742.18
			5,704.84	6,274.52
Other Income	N		**193.53**	94.11
			5,898.37	6,368.63
EXPENDITURE				
Manufacturing Expenses	O	**2,135.06**		2,514.54
Variation in Stocks	P	**(56.82)**		9.94
Employees' Cost	Q	**208.62**		233.08
Administrative, Selling and other Expenses	R	**1,382.33**		1,388.46
Interest and Finance Charges	S	**75.85**		113.23
Depreciation and Amortisation		**236.34**		326.12
		3,981.38		4,585.37
Less : Self consumption of clinker and cement (net of excise duty Rs. 2.23 crores; 31.12.2006 Rs. 3.09 crores)		**(9.47)**		(10.82)
			3,971.91	4,574.55
Profit before tax and exceptional items			**1,926.46**	1,794.08
Exceptional items	T		**785.89**	47.52
Profit before tax			**2,712.35**	1,841.60
Provision for Taxation :				
– Current tax (Refer Note 25)		**737.00**		392.00
– Income tax in respect of earlier years (Refer Note 25)		**202.00**		–
– MAT credit entitlement		**–**		(62.00)
		939.00		330.00
– Deferred tax (Refer Note 10)		**(0.90)**		3.07
– Fringe benefit tax		**5.15**		5.28
			943.25	338.35
Net profit			**1,769.10**	1,503.25
Balance as per last Account			**272.06**	151.38
Credit balance of Profit and Loss Account as on 1st January, 2006 of erstwhile Ambuja Cement Eastern Limited (ACEL)		**–**		71.31
Credit balance of Profit and Loss Account as on 1st July, 2005 of erstwhile Indo Nippon Special Cements Limited (INSCL) (Refer Note 26)		**0.21**		–
			0.21	71.31
Transferred from Debenture Redemption Reserve			**30.00**	72.05
Transferred to General Reserve			**1,100.00**	1,000.00
Interim Dividends on Equity Shares		**380.41**		339.89
Dividend Distribution Tax on above		**64.65**		47.67
			445.06	387.56
Proposed Final Dividend on Equity Shares		**152.24**		121.35
Dividend Distribution Tax on above		**25.87**		17.02
			178.11	138.37
Balance carried to Balance Sheet			**348.20**	272.06
Earnings Per Equity Share of Rs. 2 each (Refer Note 8)			**Rs.**	Rs.
Basic			**11.64**	10.12
Diluted			**11.61**	10.09
Notes forming part of the Accounts	U			

As per our report of even date

S.R.BATLIBOI & ASSOCIATES
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai, 1st February, 2008

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Omkar Goswami
Directors

P. B. Kulkarni
N.P. Ghuwalewala
Whole-time Directors

CASH FLOW STATEMENT

for the year ended 31st December, 2007

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
A) CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAX		**2,712.35**	1,841.60
Adjustment for :			
Depreciation and Amortisation	**236.34**		326.12
Surplus on sale of assets	**(2.10)**		(9.55)
Exceptional items	**(785.89)**		(47.52)
Loss on assets discarded/sold	**6.30**		12.10
Abandoned Capital Project	**2.54**		2.40
Part of deferred revenue expenditure, written off	**0.47**		1.07
Provision for diminution in value of Investment	**1.00**		–
Profit on sale of Investments	**(23.54)**		(8.98)
Interest and Finance Charges	**75.85**		113.23
Interest income	**(76.08)**		(34.20)
Exchange rate difference	**(33.56)**		15.36
Dividend income	**(22.80)**		(4.97)
Bad Debts, Sundry Debit Balances and Claims written off	**1.89**		6.62
Provision for doubtful debts and advances (net)	**2.41**		(0.77)
Provision for wealth tax	**0.24**		0.38
		(616.93)	371.29
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**2,095.42**	2,212.89
Adjustment for :			
Trade and other receivables	**(107.10)**		(57.46)
Inventories	**(172.78)**		(44.91)
Trade Payables	**168.93**		148.65
		(110.95)	46.28
CASH GENERATED FROM OPERATIONS		**1,984.47**	2,259.17
Direct Taxes paid	**(448.90)**		(444.86)
Miscellaneous Expenditure	**(0.77)**		(2.51)
Exchange rate difference	**23.87**		(10.15)
		(425.80)	(457.52)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**1,558.67**	1,801.65
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	**(800.25)**		(795.39)
Sale of Fixed Assets (Net of tax of Rs. 69.97 crores; 31.12.2006 Rs. Nil)	**271.83**		38.97
Investments (Net)(Net of tax of Rs. 62.24 crores; 31.12.2006 Rs. 5.47 crores)	**(729.64)**		7.65
Disposal of Subsidiaries / Joint ventures / Associate	**994.35**		71.14
Liquidation of a Subsidiary	**–**		11.02
Loans and advances (net)	**2.09**		(1.99)
Interest received	**77.22**		30.98
Dividend received	**22.80**		4.97
NET CASH USED IN INVESTING ACTIVITIES		**(161.59)**	(632.65)
Carried forward		**1,397.08**	1,169.00

CASH FLOW STATEMENT *(Contd.)*

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
Brought forward		**1,397.08**	1,169.00
C) CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Share Capital including Securities premium		**32.29**	48.08
Proceeds from borrowings	**50.00**		890.06
Repayment of borrowings	**(575.32)**		(1,230.27)
Interest and Finance Charges paid	**(33.01)**		(85.96)
Swap interest (net)	**(15.24)**		(29.98)
Exchange rate difference on borrowings	**–**		(3.95)
Unclaimed sale proceeds of the odd lot shares of erstwhile ACEL and ACRL	**(0.08)**		(0.59)
Subsidy received	**–**		0.30
Dividend paid (including dividend distribution tax)	**(583.08)**		(476.55)
NET CASH USED IN FINANCING ACTIVITIES		**(1,124.44)**	(888.86)
Net Increase in cash and cash equivalents		**272.63**	280.15
CASH AND CASH EQUIVALENTS as at 01.01.2007 (Schedule I) :			
Earmarked for specific purposes	**13.55**		10.64
Other Balances	**364.55**		75.89
		378.10	86.53
Add : CASH AND BANK BALANCES TAKEN OVER ON AMALGAMATION of erstwhile INSCL and ACEL		**0.06**	11.42
CASH AND CASH EQUIVALENTS as at 31.12.2007 (Schedule I) :			
Earmarked for specific purposes	**13.83**		13.55
Other Balances	**636.96**		364.55
		650.79	378.10

As per our report of even date

S.R.BATLIBOI & ASSOCIATES
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai, 1st February, 2008

For and on behalf of the Board

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— Directors

P. B. Kulkarni
N.P. Ghuwalewala
— Whole-time Directors

SCHEDULE 'A' TO 'U'

annexed to and forming part of the Balance Sheet as at and Profit and Loss Account for the year ended 31st December, 2007

	Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
SCHEDULE 'A' - SHARE CAPITAL			
Authorised :			
250,00,00,000 Equity Shares of Rs. 2 each	**500.00**		500.00
15,00,00,000 Preference Shares of Rs. 10 each	**150.00**		150.00
		650.00	650.00
Issued :			
152,27,10,942 (151,71,64,110) Equity Shares of Rs.2 each fully paid-up		**304.54**	303.43
Subscribed :			
152,23,75,422 (151,68,28,590) Equity Shares of Rs. 2 each fully paid-up		**304.48**	303.37

Notes :

1) Out of above Equity Shares :
   a) 97,31,57,405 Equity Shares of Rs. 2 each have been issued as fully paid-up Bonus Shares by way of capitalisation of Securities Premium and Capital Redemption Reserve.
   b) 2,47,14,990 Equity Shares of Rs. 2 each fully paid-up have been issued against exercise of Tradable Warrants attached to 18.5% Secured Redeemable Non-Convertible Debentures.
   c) 1,33,12,370 Equity Shares of Rs. 2 each fully paid-up have been allotted to the Shareholders of the amalgamating company Ambuja Cement Rajasthan Limited (ACRL) pursuant to the scheme of amalgamation as approved by the Board for Industrial and Financial Reconstruction (BIFR) without payment being received in cash.
   d) 15,39,61,356 Equity Shares of Rs. 2 each fully paid-up issued to the Shareholders of the amalgamating company ACEL without payment being received in cash.
2) Outstanding Employee stock options exercisable into 96,92,013 (31.12.2006; 82,16,938) Equity Shares of Rs. 2 each fully paid-up (Refer Note 29).

	Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
SCHEDULE 'B' - RESERVES AND SURPLUS			
Subsidies :			
(a) Cash Subsidies from Government and other authorities :			
As per last Account	**1.60**		1.30
Additions during the year	**–**		0.30
	1.60		1.60
(b) Grant-in-aid Subsidy from DANIDA	**0.12**		0.12
		1.72	1.72
Capital Reserve :			
As per last Account	**130.71**		130.46
Add : Transferred on amalgamation of erstwhile ACEL	**–**		0.25
		130.71	130.71
Carried forward		**132.43**	132.43

SCHEDULE 'B' – RESERVES AND SURPLUS *(Contd.)*	Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
Brought forward		**132.43**	132.43
Capital Redemption Reserve		**9.93**	9.93
Securities Premium :			
As per last Account	**1,154.41**		930.34
Additions during the year :			
On exercise of employee stock options	**31.94**		44.77
Transferred on amalgamation of erstwhile ACEL :			
Securities premium account, balance	**–**		16.50
Forfeited shares account, balance	**–**		0.85
Excess of Share Capital of erstwhile ACEL over amount credited by the Company to Share Capital	**–**		161.95
Others (31.12.2006 Rs. 15,250)	**–**		–
	31.94		224.07
		1,186.35	1,154.41
Debenture Redemption Reserve :			
As per last Account	**55.00**		127.05
Less: Transferred to Profit and Loss Account	**30.00**		72.05
		25.00	55.00
General Reserve :			
As per last Account	**1,563.38**		557.43
Addition during the year :			
MAT credit entitlement of erstwhile ACEL	**–**		6.97
Set aside this year	**1,100.00**		1,000.00
	1,100.00		1,006.97
Deduction during the year :			
Adjustment for employee benefits net of deferred tax (Refer Note 21)	**8.90**		–
Adjustment on account of alignment of accounting policies of ACEL	**–**		1.02
	8.90		1.02
		2,654.48	1,563.38
Surplus as per Profit and Loss Account		**348.20**	272.06
TOTAL		**4,356.39**	3,187.21

SCHEDULE 'C' – SECURED LOANS

	Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 6.30.2005 Rs. in Crores
(a) Debentures (Refer Note below)		**100.00**	220.00
(b) From Banks :			
(i) Term Loans (Secured by way of first *pari passu* charge by equitable mortgage of all immovable properties both present and future situated at Darlaghat, in the state of Himachal Pradesh).		**-**	97.77
(ii) Working capital loan (Secured by hypothecation of inventories and book debts)		**-**	–
TOTAL		**100.00**	317.77

Note: Debentures comprise of :

–	(65) 9.28% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '21' (Redeemable at par on 10.01.2007)	**-**	65.00
–	(25) 9.28% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '22' (Redeemable at par on 18.01.2007)	**-**	25.00
–	(20) 9.45% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '24' (Redeemable at par on 08.02.2007)	**-**	20.00
–	(10) 8.10% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '27' (Redeemable at par on 23.07.2007)	**-**	10.00
100	6.85% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '30' (Redeemable at par on 31.03.2010)	**100.00**	100.00
		100.00	220.00

Series No. 22, 24 and 30 are secured by way of first *pari passu* charge by mortgage of immovable properties of the three cement plants of the Company situated at Ambujanagar, in the state of Gujarat, as covered under respective Trust Deeds.

Series No. 21, and 27 are secured by way of first *pari passu* charge by mortgage of immovable properties of the Company situated at Upparwahi, in the state of Maharashtra, as covered under the respective Trust Deeds.

SCHEDULE 'D' – UNSECURED LOANS

Foreign Currency Term Loan from Banks (Due within one year Rs. 78.84; crores 31.12.2006 – Rs. Nil crores)	**78.84**	442.65
Sales Tax Deferment Loan under Sales Tax Incentive Scheme of various state Governments (Due within one year Rs. 6.80 crores; 31.12.2006-Rs. 3.43 crores)	**151.58**	104.96
TOTAL	**230.42**	547.61

SCHEDULE 'E' – FIXED ASSETS

Rs. in Crores

DESCRIPTION	GROSS BLOCK (at Cost)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.01.2007	**Additions (g)&(i)**	**Deductions/ Transfers**	**As at 31.12.2007**	Upto 01.01.2007	**For the year (h)&(i)**	**Deductions/ Transfers**	**Upto 31.12.2007**	**As at 31.12.2007**	As at 01.01.2007
Tangible Assets :										
Freehold Land	141.62	**84.53**	**5.03**	**221.12**	–	**–**	**–**	**–**	**221.12**	141.62
Leasehold Land	23.37	**19.75**	**–**	**43.12**	5.21	**0.80**	**–**	**6.01**	**37.11**	18.16
Buildings, Roads and Water Works (a)	537.15	**106.26**	**3.10**	**640.31**	90.52	**15.07**	**0.69**	**104.90**	**535.41**	446.63
Marine Structures (b)	95.57	**0.01**	**–**	**95.58**	36.80	**3.83**	**–**	**40.63**	**54.95**	58.77
Plant and Machinery (c)	3,177.61	**428.25**	**22.30**	**3,583.56**	1,667.51	**175.82**	**11.64**	**1,831.69**	**1,751.87**	1,510.10
Electrical Installations	257.24	**61.13**	**1.23**	**317.14**	112.79	**14.49**	**1.03**	**126.25**	**190.89**	144.45
Railway Sidings and Locomotives (d)	55.82	**–**	**–**	**55.82**	23.60	**2.37**	**–**	**25.97**	**29.85**	32.22
Railway wagons given on lease (e)	6.43	**–**	**–**	**6.43**	3.01	**0.30**	**–**	**3.31**	**3.12**	3.42
Furniture, Fixtures and Office Equipments	73.65	**16.63**	**5.20**	**85.08**	39.93	**6.82**	**3.93**	**42.82**	**42.26**	33.72
Ships	115.65	**–**	**–**	**115.65**	51.14	**5.79**	**–**	**56.93**	**58.72**	64.51
Vehicles	25.86	**5.14**	**2.68**	**28.32**	12.98	**3.93**	**1.61**	**15.30**	**13.02**	12.88
Power Lines (f)	19.89	**–**	**–**	**19.89**	6.00	**0.57**	**–**	**6.57**	**13.32**	13.89
Sub Total	4,529.86	**721.70**	**39.54**	**5,212.02**	2,049.49	**229.79**	**18.90**	**2,260.38**	**2,951.64**	2,480.37
Intangible Assets :										
Water Drawing Rights	6.15	**–**	**–**	**6.15**	2.93	**0.58**	**–**	**3.51**	**2.64**	3.22
Computer Software	6.49	**6.39**	**–**	**12.88**	0.90	**6.40**	**–**	**7.30**	**5.58**	5.59
Sub Total	12.64	**6.39**	**–**	**19.03**	3.83	**6.98**	**–**	**10.81**	**8.22**	8.81
TOTAL	4,542.50	**728.09**	**39.54**	**5,231.05**	2,053.32	**236.77**	**18.90**	**2,271.19**	**2,959.86**	2,489.18
Previous year's Total	3,709.17	900.32	66.99	4,542.50	1,463.93	618.59	29.20	2,053.32	2,489.18	

Notes:

(a) Includes :

i) Premises on ownership basis of Rs. 11.81 crores (31.12.2006 - Rs. 8.13 crores) and cost of shares in Co-operative Societies Rs. 11,030/- (31.12.2006 - Rs. 13,130/-).

ii) Rs. 6.85 crores (31.12.2006 - Rs. 6.32 crores) being cost of roads constructed by the Company, ownership of which vests with the Government / Local Authorities and Rs. 0.79 crore (31.12.2006 - Rs. 0.62 crore) being the amortisation thereof upto 31st December, 2007.

(b) Cost incurred by the Company, ownership of which vests with the State Maritime Boards.

(c) Includes Rs. 27.00 crores (31.12.2006 - Rs. 22.85 crores) being cost of bulkers used as Material Handling Equipment, which are being depreciated under the "Written Down Value Method" at the rate applicable to vehicles.

(d) Includes Rs. 1.77 crores (31.12.2006 - Rs. 1.77 crores) being cost of Railway siding constructed by the Company, ownership of which vests with the Government/Railway Authorities and Rs. 0.46 crore (31.12.2006 - Rs. 0.38 crore) being the amortization thereof upto 31st December, 2007.

(e) Railway wagons given on lease to the Railway under "Own Your Wagon Scheme".

(f) Cost incurred by the Company, ownership of which vests with the State Electricity Boards.

(g) Includes additions of Rs. Nil (31.12.2006 - Rs. 0.42 crore deductions) due to decrease in rupee liability on account of revalorisation of foreign currency loans due to exchange rate fluctuations.

(h) Includes Rs. 0.43 crore (31.12.2006 - Rs. 0.40 crore) capitalised as pre-operative expenses.

(i) Additions and depreciation for the year includes Rs. 0.13 crore (31.12.2006 Rs. 552.73 crores) and Rs. 12,339/- (31.12.2006 Rs. 292.07 crores) pertaining to assets acquired on amalgamation of INSCL, the comparative previous period figures relate to amalgamation of ACEL.

(j) Pursuant to Accounting Standard AS 28 "Impairment of assets", there is no impairment of assets.

		Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
SCHEDULE F - INVESTMENTS				
Long-Term Investments (at cost) :				
In Fully Paid Shares, Debentures and Bonds, other than Trade				
Unquoted:				
In Fully Paid Equity Shares :				
9,53,70,000	(28,61,20,000) Equity Shares of Rs. 10 each in Ambuja Cement India Private Limited, (Refer Note 23)	**285.71**		857.16
11,74,87,181	(9,51,79,488) Equity Shares of Rs. 10 each in ING Vysya Life Insurance Co. Pvt. Limited	**120.39**		98.08
10,00,000	Equity Shares of Rs. 10 each in Gujarat Goldcoin Ceramics Limited	**1.00**		1.00
	Less: Provision for diminution in value of Investment	**1.00**		–
		–		1.00
			406.10	956.24
In Subsidiary Companies:				
In Fully Paid Equity Shares :				
Unquoted:				
50,000	(–) Equity Shares of Rs. 10 each in Kakinada Cements Limited	**0.05**		–
7,49,990	(–) Equity Shares of Rs. 10 each in M.G.T. Cements Private Limited	**3.05**		–
1,39,930	(–) Equity Shares of Rs. 10 each in Chemical Limes Mundwa Private Limited	**1.47**		–
–	(3,00,000) Equity Shares of Rs. 10 each in Indo-Nippon Special Cements Limited (Refer Note 26)	**–**		0.30
5,04,13,840	Ordinary Shares of LKR 10 each in Ceylon Ambuja Cements (Private) Limited	**29.54**		29.54
	Less: Provision for diminution in value of Investment (Refer Note 24)	**29.54**		–
		–		29.54
			4.57	29.84
In Public Sector Bonds :				
Unquoted:				
296	5.13% taxable redeemable bonds of Rs. 10,00,000 each of Himachal Pradesh Infrastructure Development Bonds (Refer Note 2(b))		**29.60**	29.60
Current Investments (at cost or fair value, whichever is lower) :				
In Fully Paid Debentures :				
Quoted * :				
300	5.85% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000 each of Housing Development Finance Corporation Limited	**29.61**		29.27
100	7.20% Secured Redeemable Non-Convertible Debentures of Rs.10,00,000 each of Housing Development Finance Corporation Limited	**9.93**		9.97
50	6.5% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000 each of Hindalco Limited	**4.96**		4.94
50	6% Unsecured Redeemable Non-Convertible Debentures of Rs. 10,00,000 each of Industrial Development Bank of India	**4.93**		4.87
–	(50) 8.65% Secured Redeemable Non-ConvertibleDebentures of Rs. 10,00,000 each of Reliance Industries Limited	**–**		5.06
50	5.78% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000 each of Ultratech Cemco Limited	**4.90**		4.83
			54.33	58.94
	Carried forward		**494.60**	1,074.62

SCHEDULE F - INVESTMENTS *(Contd.)*

		Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
	Brought forward		**494.60**	1,074.62
	In Units of Mutual Funds :			
	Unquoted:			
93,167.717	(–) units of AIG India Liquid Fund-Super IP-Growth of Rs.1,000 each of AIG Global Investment Group	**9.50**		–
35,72,241.827	(–) units of Fidelity Cash Fund- IP-Growth of Rs.10 each of Fidelity International Mutual Fund.	**3.81**		–
85,24,785.815	(–) units of ING Liquid Super IP-Growth of Rs.10 each of ING Vysya Mutual Fund.	**10.00**		–
1,53,754.175	(-) units of TATA Liquid SHIP-Fund- Growth of Rs.1000 each of TATA Mutual Fund.	**22.50**		–
–	(1,01,91,790.976) units of ABN Amro Cash Fund - Institutional Growth Option units of Rs. 10 each of ABN Amro Mutual Fund .	**–**		11.00
–	(1,28,42,245.852) units of Birla Cash Plus Institutional Premium - Growth Options units of Rs. 10 each of Birla Sun Life Mutual Fund	**–**		15.00
–	(1,62,81,038.637) units of Prudential ICICI Liquid Fund Growth plan of Rs. 10 each of Prudential ICICI Mutual Fund	**–**		17.50
–	(1,36,38,347.396) Units of Reliance Liquidity Fund Growth plan of Rs. 10 each of Reliance Mutual Fund	**–**		15.00
4,09,80,124.004	(–) units of ABN Amro Money Plus weekly Dividend of Rs. 10 each of ABN Amro Mutual Fund	**40.98**		–
5,14,17,357.77	(–) units of Birla Sunlife Liquid Plus weekly Dividend of Rs. 10 each of Birla Sunlife Mutual Fund	**51.50**		–
5,10,45,728.394	(–) units of DWS Money Plus weekly Dividend of Rs. 10 each of Deutsche Mutual Fund	**51.24**		–
6,29,37,199.508	(–) units of HSBC Liquid Plus weekly Dividend of Rs. 10 each of HSBC Mutual Fund.	**63.18**		–
1,56,48,198.927	(–) units of HDFC FRIF-STP-Wholesale Option weekly Dividend of Rs. 10 each of HDFC Mutual Fund.	**15.87**		–
3,60,94,851.212	(–) units of Prudential ICICI Flexible Income Plan weekly Dividend of Rs. 10 each of Prudential ICICI Mutual Fund.	**38.06**		–
5,51,10,048.113	(–) units of ING Vysya Liquid Plus weekly Dividend of Rs. 10 each of ING Vysya Mutual Fund.	**57.62**		–
1,04,56,087.633	(-) units of Sundram BNP Paribas Liquid Plus weekly Dividend of Rs. 10 each of Sundram BNP Mutual Fund.	**10.64**		–
1,58,76,351.730	(–) ABN Amro Fixed Term Plan-series-4 quarterly Plan B -Dividend reinvestment-units of Rs.10 each of ABN Amro Asset Management Fund	**15.88**		–
1,01,60,768.700	(–) ABN Amro Flexible Short Term Plan-Series-A-Dividend of Rs.10 each of ABN Amro Mutual Fund.	**10.16**		–
75,00,000.000	(–) units ABN Amro Interval Fund-Qty Plan-G -Dividend of Rs.10 each of ABN Amro Mutual Fund	**7.50**		–
2,01,68,192.900	(–) units of Birla Interval Income Plan-Monthly Series 1 of Birla Sunlife Mutual Fund.	**20.17**		–
1,61,29,349.542	(–) units of DBS Chola Monthly Intervel Fund-IP-Dividend of Rs.10 each DBS Mutual Fund	**16.15**		–
3,01,93,652.790	(–) units of HDFC Fixed Maturity Plan 90-Dividend Option of Rs.10 each HDFC Mutual Fund.	**30.19**		–
2,26,71,647.590	(–) units of Kotak Fixed Maturity Plan-Series 26 Dividend Option of Rs.10 each Kotak Mutual Fund.	**22.67**		–
5,19,36,100.020	(–) units of Reliance Fixed Interval Fund II Monthly Plan-Series 4 Dividend Reinvestment of Rs.10 each Reliance Mutual Fund.	**51.95**		–
4,99,98,500.045	(–) units of Reliance Fixed Interval Plan-Series II-Quarterly Dividend of Rs.10 each of Reliance Mutual Fund.	**50.00**		–
2,61,49,218.152	(–) units of SBI Debt Fund Series 90 days Quarterly Plan Dividend Investment of Rs.10 each of SBI Mutual Fund.	**26.15**		–
	C/F	**625.72**		58.50
	Carried forward		**494.60**	1,074.62

SCHEDULE F - INVESTMENTS *(Contd.)*

		Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
	Brought forward		**494.60**	1,074.62
	B/F	**625.72**		58.50
1,59,73,575.320	(–) JM Fixed Maturity Fund Series V Quarterly Plan Dividend reinvestment units of Rs.10 each of JM Financial Mutual Fund.	**15.97**		–
1,58,77,324.900	(–) Lotus India Fixed Maturity Plan - Series-XV Three months Plan Dividend Reinvestment unit of Rs.10 each of Lotus India Mutual Fund.	**15.88**		–
1,00,00,000.000	(–) Lotus India Fixed Maturity Plan - Series-XlV Quarterly Plan Dividend of Rs.10 each of Lotus India Mutual Fund.	**10.00**		–
1,00,00,000.000	(–) Lotus India Fixed Maturity Plan - Series-XlX Quarterly Plan Dividend of Rs.10 each of Lotus India Mutual Fund	**10.00**		–
5,00,00,000.000	(–) units of Prudential ICICI Intervel Fund-II Qty Plan-B Dividend of Rs.10 each of Prudential ICICI Mutual Fund	**50.00**		–
2,52,20,000.000	(–) units of Prudential ICICI Intervel Fund-I Qty Dividend of Rs.10 each of Prudential ICICI Mutual Fund.	**25.22**		–
1,61,33,899.716	(–) units of Sundaram BNP Paribas Fixed Income Intervel Fund Dividend of Rs.10 each of Sundaram BNP Paribas Mutual Fund .	**16.13**		–
2,54,29,886.700	(–) units of UTI Fixed maturity Plan- Dividend of Rs.10 each of UTI Mutual Fund	**25.42**		–
			794.34	58.50
			1,288.94	1,133.12

	Book Value as on		Market Value as on *	
	31.12.2007 Rs. in Crores	31.12.2006 Rs. in Crores	**31.12.2007 Rs. in Crores**	31.12.2006 Rs. in Crores
Aggregate amount of Quoted Investments	**54.33**	58.94	**60.00**	60.00
Aggregate amount of Unquoted Investments	**1,234.61**	1,074.18		
	1,288.94	1,133.12		

* As the market value of the debentures is not available, face value is considered as market value.

Note: The following investments were purchased and sold during the year :

	Name	Face Value Rs.	Nos.	Purchase Cost Rs. in Crores
a)	**Units of Mutual Fund :**			
	ABN Amro Cash Fund	10	160,430,716.501	177.00
	ABN Amro Fixed Term Plan Series-4	10	431,777.956	0.43
	AIG India Liquid Fund Super IP-Growth	1,000	393,342.217	40.01
	Birla Cash Plus	10	295,192,548.135	356.00
	DBS Chola Liquid Plus Fund	10	22,592,796.764	26.00
	DSP Merrill Lynch Liquidity Fund	1,000	1,313,589.010	143.50
	DSP Merrill Lynch Liquid Plus Fund Growth	1,000	558,062.785	58.56
	DSP FMP Series - 11 Dividend	1,000	255,436.958	25.54
	Deutsche Insta Cash Fund	10	209,921,021.695	248.75
	Fidelity Cash Fund Insta Growth	10	51,190,704.591	52.50
	Fidelity Cash Fund Insta Super IP Growth	10	46,012,627.108	48.19
	Grindlays Cash Fund	10	239,702,611.870	274.89
	HDFC Cash Management Fund	10	107,705,001.582	171.20
	HSBC Cash Fund	10	178,941,469.523	213.50
	ING Vysya Liquid Fund	10	37,644,258.619	44.00
	ING Vysya Liquid Fund - Super IP Growth	10	150,295,114.060	171.00
	JM High Liquid fund - FMP Dividend	10	165,794.018	0.17
	JP Morgan India liquid fund - Growth	10	19,120,401.046	19.25
	Kotak Liquid Fund - Growth	10	56,098,176.454	86.00
	LIC MF Liquid Fund - Growth	10	103,375,186.180	142.25
	Lotus India Liquid fund - IP Growth	10	22,426,003.474	23.00
	Lotus India Liquid plus - Insti Growth	10	9,889,044.916	10.00
	Lotus India Liquid Fund - Super IP Growth	10	25,423,226.978	267.50
	Lotus India Fixed Term Plan - Series II - Dividend	10	56,958,199.321	56.96
	Prudential ICICI Liquid Fund - Insti Plus	10	472,327,257.368	529.52
	Prudential ICICI Sweep Plan- Growth Option	10	6,048,931.200	6.50
	Prudential ICICI One Month FMP - Dividend Option	10	250,650,455.136	25.07
	Principal Cash Management Fund	10	12,993,821.944	15.00
	Reliance Liquidith Fund	10	737,291,003.588	851.43
	Reliance Fixed Horizon Fund - II Monthly Dividend	10	25,030,650.737	25.03

SCHEDULE F - INVESTMENTS *(Contd.)*

Name	Face Value Rs.	Nos.	Purchase Cost Rs. in Crores
SBI Magnum Institutional Income Fund	10	8,412,339.535	10.00
SBI Magnum Insta Cash Fund - Growth	10	55,720,165.329	94.00
SBI Debt Fund Series 90 Days - Dividend	10	123,141.774	0.12
Sundaram Money Fund	10	25,648,748.177	41.50
Tata Liquid High Investment Fund	1,000	27,023,417.365	308.19
Tata Fixed Horizon Fund Series - 9 Scheme C	1,000	30,624,821.469	30.63
Templeton India Treasury Management Fund	1,000	1,769,329.738	199.00
UTI Liquid Fund Cash Plan IP Growth	1,000	25,773,210.514	70.42

	Rs. in Crores	**As at 31.12.2007 Rs. in Crores**	As at 31.12.2006 Rs. in Crores
SCHEDULE 'G' - INVENTORIES			
(At cost or net realisable value whichever is lower)			
Coal, Fuel, Packing Materials, Stores and Spare parts (including in transit - Rs. 28.75 crores; 31.12.2006 - Rs. 12.27 crores)		**387.80**	277.07
Stock-in-trade :			
Raw materials (including in transit - Rs. 6.51 crores; 31.12.2006 - Rs. 0.93 crore)	**53.05**		46.39
Materials-in-process	**85.94**		45.85
Finished goods	**53.44**		38.55
		192.43	130.79
Construction Scrap, at estimated realisable value		**0.30**	0.30
Scrapped assets awaiting disposal, at estimated realisable value		**1.07**	0.66
TOTAL		**581.60**	408.82
SCHEDULE 'H' - SUNDRY DEBTORS (Unsecured)			
Over six months :			
Good		**1.00**	1.69
Doubtful	**10.54**		10.56
Less : Provision	**10.54**		10.56
		–	–
		1.00	1.69
Others, Good (Due from subsidiary Rs. 10.04 crores (31.12.2006 Rs. 7.47 crores).		**144.68**	88.26
TOTAL		**145.68**	89.95
SCHEDULE 'I' - CASH AND BANK BALANCES			
Cash on hand		**0.35**	0.29
Cheques on hand with Banks as Collecting Agency in terms of an arrangement		**39.71**	37.96
Bank Balances :			
With Scheduled Banks :			
In Current Account	**74.88**		134.11
In Fixed Deposits (Deposit Receipts of Rs. 2.04 crores (31.12.2006 - Rs. 2.04 crores) deposited with Government Departments as Security Deposit and Rs. 0.02 crore (31.12.2006 - Rs. 0.02 crore) deposited with banks as security deposit for guarantees (including accured interest Rs.0.03 crore (31.12.2006 - Rs. 0.03 crore))	**535.85**		205.74
		610.73	339.85
TOTAL		**650.79**	378.10
SCHEDULE 'J' - OTHER CURRENT ASSETS			
Interest Receivable on Investments		**3.49**	3.78
Other Interest receivable		**0.38**	1.23
Sundry Receivables from subsidiary companies		**0.04**	0.03
TOTAL		**3.91**	5.04

	Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
SCHEDULE 'K' - LOANS AND ADVANCES			
(Unsecured Good, unless otherwise stated)			
Loan to a subsidiary company		**0.25**	0.77
Advances recoverable in cash or in kind or for value to be received (including due from a subsidiary company Rs. Nil; 31.12.2006 Rs. 1.57 crore)			
Good	**164.99**		128.27
Doubtful	**8.03**		5.84
Less : Provision	**8.03**		5.84
	-		-
		164.99	128.27
Deposits (including National Savings Certificates Rs. 34,500/-, deposited with Government Departments as Security (31.12.2006- Rs. 34,500/-)		**24.93**	20.77
Balance with Central Excise, Customs, Port Trusts, etc.		**15.18**	8.22
Tax paid in advance, including MAT credit entitlement Rs. Nil crores; (31.12.2006 Rs. 68.97 crores), net of provision		**-**	137.67
TOTAL		**205.35**	295.70
SCHEDULE 'L' – CURRENT LIABILITIES AND PROVISIONS			
LIABILITIES			
Sundry Creditors :			
Dues of Micro, Medium and Small Enterprises (Refer note 22)	**0.20**		-
Others (Due to subsidiary Rs. Nil; 31.12.2006 Rs. 0.69 crore.)	**573.76**		441.70
		573.96	441.70
Investor Education and Protection Fund shall be credited by the following (See note below) * :			
Unclaimed Dividends	**10.76**		10.41
Unclaimed Application Money on Securities	**0.01**		0.01
Unclaimed Interest (Rs. 9,439/-)			
Unclaimed sale proceeds of the odd lot shares belonging to the Shareholders of erstwhile ACRL and ACEL	**3.06**		3.14
		13.83	13.56
Security Deposits		**82.08**	61.46
Interest accrued but not due on loans		**5.67**	16.19
		675.54	532.91
PROVISIONS :			
Provision for wealth tax, net of advances		**0.51**	0.45
Provision for fringe benefit tax, net of advances		**0.01**	0.89
Proposed Dividend		**152.24**	121.35
Provision for Dividend Distribution Tax		**25.87**	17.02
Provision for gratuity and staff benefit schemes		**4.59**	5.77
Compensated absences		**32.36**	16.18
Provision for mines reclamation expenses (Refer Note 19)		**8.15**	7.02
Provision for Income tax, net of payments		**269.82**	-
		493.55	168.68
TOTAL		**1,169.09**	701.59

* Note : Amounts to be transferred to said fund shall be determined on the respective due dates.

		As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
SCHEDULE 'M' - MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Project Development and Feasibility Report Expenses etc.		**1.83**	1.03
Quarry / Mines Development Expenses		**3.89**	4.41
Unexpired premium on pre payment of term loans		**0.39**	0.87
Unexpired arrangement fees		**0.11**	1.40
TOTAL		**6.22**	7.71

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores

SCHEDULE 'N' - OTHER INCOME

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
Insurance Claims		**4.66**	2.05
Dividend :			
From Long-term investments	**–**		0.94
From Current investments	**22.80**		4.03
		22.80	4.97
Profit / (Loss) on Sale of Current Investments (net)		**23.54**	8.98
Interest Income : (Gross; Tax deducted Rs. 10.54 crores; Previous year Rs. 2.78 crores)			
On Debentures and Bonds	**5.05**		7.90
On Fixed deposits	**54.59**		8.52
Others	**16.44**		17.78
		76.08	34.20
Export incentive for the earlier year		**–**	5.89
Miscellaneous Income (Gross; Tax deducted Rs. 0.18 crore; 31.12.2006 - Rs. 0.19 crore)		**23.71**	33.66
Surplus on Sale of Assets		**2.10**	9.55
Sundry Credit Balances Appropriated		**0.54**	0.76
Provisions no longer required		**6.54**	9.41
		159.97	109.47
Exchange Rate Difference (net)		**33.56**	(15.36)
TOTAL		**193.53**	94.11

SCHEDULE 'O' - MANUFACTURING EXPENSES

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
Raw Materials Consumed :			
Clinker Purchased	**138.28**		52.42
Others	**316.47**		330.84
		454.75	383.26
Freight and Handling Charges on inter-unit Material transfer		**162.69**	193.31
Royalty and Cess		**74.69**	111.85
Stores and Spares Consumed		**155.85**	203.39
Packing Materials Consumed		**180.03**	227.11
Power and Fuel		**1,004.20**	1,239.87
Mines reclamation expenses		**2.96**	4.26
Repairs and Maintenance :			
Buildings	**13.72**		19.62
Machinery	**46.85**		66.55
Others	**7.84**		10.21
		68.41	96.38
Excise duty :			
On captive consumption of clinker	**31.40**		54.68
Other	**0.08**		0.43
		31.48	55.11
TOTAL		**2,135.06**	2,514.54

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
SCHEDULE 'P' – VARIATION IN STOCKS			
CLOSING STOCKS :			
Materials-in-process	**85.94**		45.85
Finished goods	**53.44**		38.55
		139.38	84.40
OPENING STOCKS :			
Materials-in-process	**45.85**		49.76
Finished goods	**38.55**		35.58
	84.40		85.34
Stock of erstwhile ACEL as on 01.01.2006			
Materials-in-process	**-**		11.89
Finished goods	**-**		8.08
	-		19.97
		84.40	105.31
		(54.98)	20.91
LIMESTONE :			
Closing Stock	**23.74**		18.22
Opening Stock	**18.22**		8.23
		(5.52)	(9.99)
		(60.50)	10.92
Less : Excise duty variation on opening / closing stock		**1.97**	(0.98)
Less : TRIAL RUN STOCKS At the commencement of commercial production of Farakka and Roorkee unit		**1.71**	–
(Increase)/Decrease in Stocks		**(56.82)**	9.94
SCHEDULE 'Q' - EMPLOYEES' COST			
Employees' Remuneration and Benefits :			
Salaries, Wages, Bonus, Allowances, etc.	**170.02**		173.58
Contribution to Provident and other Funds	**23.45**		28.84
Welfare Expenses	**9.27**		10.60
	202.74		213.02
Less: Recovery from subsidiary and associate companies	**-**		1.79
	202.74		211.23
Add : Employee compensation expenses under Employee Stock Option Scheme	**-**		1.47
		202.74	212.70
Commission to Managing Director and Whole-time Directors (Refer Note 9)		**5.88**	20.38
TOTAL		**208.62**	233.08
SCHEDULE 'R' – ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
Rent		**8.99**	9.86
Rates and Taxes		**2.40**	3.34
Insurance		**12.89**	19.56
Advertisement and Publicity		**40.72**	47.58
Freight and Forwarding charges [including Rs. 10.11 crores on Exports (Previous year - Rs. 9.17 crores)]		**954.78**	978.59
Commission on sales		**10.48**	17.20
Discount on sales		**71.06**	50.16
Selling and Distribution Expenses		**102.27**	87.94
Turnover Tax, Additional Tax and Purchase Tax		**9.08**	6.59
Miscellaneous Expenses		**139.27**	127.88
Directors' Fees and Expenses		**0.22**	0.27
Commission to Directors (Refer Note 9)		**0.84**	1.11
Loss on Assets sold, scrapped or discarded and written off		**6.30**	12.10
Abandoned Capital Project		**2.54**	2.40
Donations		**14.45**	15.76
Bad Debts, Sundry Debit Balances and Claims written off		**1.89**	6.62
Provision for doubtful advances		**2.44**	0.05
Provision for diminution in value of investment		**1.00**	–
Part of Deferred Revenue expenditure, written off		**0.47**	1.07
Wealth Tax		**0.24**	0.38
TOTAL		**1,382.33**	1,388.46

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
SCHEDULE 'S' – INTEREST AND FINANCE CHARGES			
Interest :			
On Debentures and Bonds	**7.75**		41.83
On Fixed Loans (Net of surplus on interest Swap Rs. 8.10 crores; Previous year Rs. 34.68 crores)	**18.24**		59.03
Others	**52.85**		15.95
		78.84	116.81
Unexpired premium on prepayment of term loans amortised		**0.49**	1.60
Finance Charges		**1.34**	4.95
		80.67	123.36
Less : Capitalised during the year		**(4.82)**	(10.13)
TOTAL		**75.85**	113.23
SCHEDULE 'T' – EXCEPTIONAL ITEMS			
Profit on sale of Subsidiary / Joint Venture / Associates (Refer Note 23)		**490.07**	43.37
Profit on sale of property		**325.36**	4.15
Provision for diminution in value of investment (Refer Note 24)		**(29.54)**	–
TOTAL		**785.89**	47.52

SCHEDULE 'U' – NOTES FORMING PART OF THE ACCOUNTS

1. (A) Basis of preparation of financial statements :

(i) The financial statements have been prepared in compliance with all material aspects of the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.

(ii) Financial statements are based on historical cost and are prepared on accrual basis.

(B) Significant accounting policies :

(a) Fixed Assets :

(i) Fixed Assets are stated at their original cost of acquisition/installation (net of Modvat/Cenvat credit availed), net of accumulated depreciation, amortization and impairment losses, except freehold land which is carried at cost.

(ii) Capital work in progress is stated at the amount expended up to the date of Balance Sheet.

(iii) Machinery spares which can be used only in connection with a particular item of fixed asset and the use of which is irregular, are capitalised at cost net of Modvat/Cenvat.

(iv) Expenditure during construction period (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses, pending allocation to the assets, and are included under "Capital Work in Progress". These expenses are apportioned to fixed assets on commencement of commercial production.

(b) Depreciation and Amortization :

I. Tangible Assets :

(i) Premium on leasehold land is amortized over the period of lease.

(ii) Depreciation on all assets, other than Vehicles, is provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, and on Vehicles on the "Written Down Value Method" in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. Continuous process plants, are identified based on a technical assessment and depreciated at the specified rate as per Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on a pro-rata basis from the month of acquisition or installation, and in the case of a new project, the same is provided on a pro-rata basis from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the month in which the said asset is sold, discarded, demolished or scrapped. In respect of an asset for which impairment loss is recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(iii) Machinery spares which are capitalised are depreciated over the useful life of the related fixed asset. The written down value of such spares is charged to the Profit and Loss Account, on issue for consumption.

(iv) The cost of fixed assets, constructed by the Company, but ownership of which belongs to Government/Local Authorities, is amortized at the rate of depreciation specified in Schedule XIV to the Companies Act, 1956.

(v) Expenditure on Power Lines, ownership of which belongs to the State Electricity Boards, is amortized over the period as permitted in the Electricity Supply Act, 1948.

(vi) Expenditure on Marine Structures, ownership of which belongs to the Maritime Boards, is amortized over the period of agreement.

II. Intangible Assets :

(i) Expenditure to acquire Water Drawing Rights from Government/Local Authorities/other parties, is amortized over the period of rights to use the facilities ranging from 10 to 30 years.

(ii) Expenditure on computer software is amortized over the period of expected benefit not exceeding five years.

(c) Impairment of Assets :

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

(d) Investments :

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of the investments. Investments other than long-term investments being current investments are valued at cost or fair value whichever is lower, determined on an individual basis.

(e) Inventories :

(i) Coal, Fuel, Packing Materials and Stores & Spare Parts are valued at cost determined on weighted average basis or net realisable value, whichever is lower.

(ii) Raw Materials are valued at cost or net realisable value whichever is lower. Cost is determined on weighted average basis.

(iii) Materials-in-process are valued at cost or net realisable value, whichever is lower. (*)

(iv) Finished Goods are valued at cost or net realisable value, whichever is lower, including excise duty. (*)

(v) Trial Run Inventories are valued at cost or net realisable value, whichever is lower. (*)

(*) Cost is arrived at on full absorption basis as per Accounting Standard AS 2 - "Valuation of Inventories".

(f) Provisions/Contingencies :

A provision is recognised for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. A contingent liability is disclosed, unless the possibility of an outflow of resources is remote.

(g) Foreign Currency Conversion :

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(h) Revenue Recognition :

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of dates of Bill of Lading. Sales are disclosed net of sales tax, discounts and returns, as applicable. Sales excludes self consumption of cement.

(ii) Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under Duty Exemption Scheme" is accounted in the year of export.

(iii) Sales include the amount of Sales Tax/VAT remission entitlement due in accordance with the respective incentive schemes.

(iv) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognised when right to receive the payment is established by the Balance Sheet date.

(i) Mines Reclamation Expenditure :

The Company provides for the expenditure to reclaim the quarries used for mining. The total estimate of reclamation expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted during the year.

Mines reclamation expenditure is incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure.

(j) Employee Benefits :

(i) Defined Contribution Plan

Employee benefits in the form of Superannuation Fund, ESIC and Labour Welfare Fund are considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.

(ii) Defined Benefit Plan

Retirement benefits in the form of Gratuity, Shipping staff gratuity, Post retirement medical benefit and Death & disability benefit are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

(iii) Other long-term benefits

Long-term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Actuarial gain/losses, if any, are immediately recognised in the Profit and Loss Account.

(k) Miscellaneous Expenditure :

Expenses included under the head 'Miscellaneous Expenditure' are amortized over the period of estimated future benefits.

(l) Discount on Equity Shares, under the Employee Stock Option Scheme, is amortized in accordance with Securities and Exchange Board of India (SEBI) Guidelines.

(m) Borrowing Costs and Share Issue Expenses :

(i) Share issue expenses for specific projects and borrowing cost attributable to acquisition and construction of assets are capitalised as part of the cost of such assets up to the date when such assets are ready for intended use.

(ii) Expenses on other issue of Shares, Debentures and Bonds as well as Premium on Redemption of Debentures are adjusted to Securities Premium Account in accordance with Section 78 of the Companies Act, 1956.

(iii) Borrowing cost such as discount or premium and ancillary costs in connection with arrangement of borrowings excluding debenture and bonds, are amortized over the period of borrowings.

(iv) Other borrowing costs are charged as expense in the year in which these are incurred.

(n) Taxation :

Tax expense comprises of current, deferred and fringe benefit taxes. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realised in future whereas in case of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation backed by convincing evidence. Deferred Tax Assets are reviewed at each Balance Sheet date.

(o) Cash and cash equivalents in the balance sheet comprise cash at bank including fixed deposits, cheques in hand and cash in hand.

	31.12.2007 Rs. in Crores	31.12.2006 Rs. in Crores
2. a) Contingent liabilities not provided for in respect of :		
(i) Claims against the Company not acknowledged as debts		
(a) For acquisition of land	**28.61**	32.78
(b) Disputed liability relating to labour matters	**23.69**	19.88
(c) For Non Agriculture Assessment Tax	**2.65**	2.65
(d) Others	**18.26**	11.54
(ii) Tax matters		
(a) Disputed liability in respect of Income-tax demands (including interest) matters under appeal	**16.37**	19.55
(b) Disputed Sales-tax demands (including interest and penalty) – matters under appeal (Deposit with Sales Tax Department Rs. Nil; Previous Year Rs.0.05 crore)	**10.43**	10.53

SCHEDULE 'U' – NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

	31.12.2007 Rs. in Crores	31.12.2006 Rs. in Crores
(c) Disputed Excise demands – matters under appeal (Deposit with Excise Department Rs. 0.40 crore; Previous Year Rs. 0.19 crore)	**10.06**	9.95
(d) Disputed Customs demands – matters under appeal	**1.74**	0.86
(e) Disputed liability of RTO Tax on Mining Machinery	**0.62**	0.62
(iii) Disputed liabilities relating to Railway Freight on Cement – matter once decided in favour of the Company by the Honourable High Court of Gujarat was remanded back by the Honourable Supreme Court pursuant to a Special Leave Petition filed by the railways.	**5.51**	5.51
(iv) Disputed liabilities relating to Coal claims – matter pending in the Honourable High Court :		
(a) Railway freight on Coal	**1.49**	1.49
(b) Penal freight on Excess Weight of Coal	**0.24**	0.24
(c) Interest on Premium on Coal	**3.29**	3.29

In respect of items above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgments/decisions pending at various forums/authorities.

b) The Honourable High Court of Himachal Pradesh has passed an order in favour of the Company for its claim in respect of power subsidy in the form of Power Tariff Freeze (PTF) and Peak Load Exemption Charges (PLEC). Against this, Government of Himachal Pradesh on 1st May, 2004, has issued 296 5.13% H P Infrastructure Development Bonds of face value of Rs.10 lacs each, having a value of Rs. 29.60 crores redeemable after 10 years and balance of Rs. 0.08 crore is refunded to the Company.
The Government of Himachal Pradesh has filed Special Leave Petition in the Honourable Supreme Court against the decision of the Honourable High Court of Himachal Pradesh. The Company has given an undertaking to refund Rs. 29.68 crores paid by the State Government together with interest thereon up to the date of final judgment in time bound manner, in the event that the matter is decided against the Company.

	31.12.2007 Rs. in Crores	31.12.2006 Rs. in Crores
c) The Government of Rajasthan has granted 75% exemption from Sales Tax in respect of Rabriyawas unit. However, the eligibility of exemption in excess of 25% has been contested by the State Government in a similar matter of another Company and the matter is pending before the Honourable Supreme Court. The Company has given an undertaking to the Government of Rajasthan that the Company will deposit the differential amount of Sales Tax, in case the Supreme Court's decision goes against in the matter referred above.	**82.16**	82.16
d) Writ petition filed by erstwhile ACEL against the order of Madhya Pradesh State Mining Department demanding Rs. 4.76 crores towards payment of additional royalty on limestone based on the ratio of 1.6 tonnes of limestone to 1 tonne of cement produced at its factory in Chhattisgarh. The matter is now pending before Honourable High Court at Bilaspur.	**38.54**	32.34
3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	**949.82**	387.82

4. Segment reporting :
The Company has only one business segment 'Cement' as primary segment.
The secondary segment is geographical, which is given as under:

	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
(a) Revenue		
Sales (net of Excise Duty)		
Within India	**5,427.37**	5,759.91
Outside India	**277.47**	514.61
	5,704.84	6,274.52

SCHEDULE 'U' – NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*	**2007 (12 Months) Rs. in Crores**	2005-2006 (18 Months) Rs. in Crores
(b) Other Income		
Within India	**116.98**	53.68
Outside India	**0.47**	6.23
	117.45	59.91

(c) All the Assets of the Company, except the debtors and loans and advances amounting to Rs. 44.39 crores (31.12.2006 – Rs. 28.76 crores), are within India.

5. Related Party Disclosures :

a) List of Related Parties and relationships

	Party	Relation
A	Cement Ambuja International Ltd.	Subsidiary (Refer Note 27)
	Ceylon Ambuja Cements (P) Ltd.	Subsidiary
	GACL Finance Ltd.	– (Previous year Subsidiary upto 30.01.2006)
	GGL Hotel and Resorts Company Ltd.	– (Previous year Subsidiary upto 30.01.2006)
	Ambuja Housing & Urban Infrastructure Co. Ltd.	– (Previous year Subsidiary upto 30.01.2006)
	Indo Nippon Special Cements Ltd.	Merged with the Company on 01.01.2007 with effect from 01.07.2005 (Previous year Subsidiary (Refer Note 26))
	Kakinada Cements Ltd.	Subsidiary from 14.12.2007 (Associate upto 13.12.2007)
	M.G.T. Cements Private Ltd.	Subsidiary from 20.10.2007
	Chemical Limes Mundwa Private Ltd.	Subsidiary from 20.10.2007
B	Midigama Cements (Private) Ltd.	Sub-subsidiary
C	Ambuja Cement Eastern Ltd.	– (Previous year merged with effect from 01.01.2006)
	ICAN Securities & Research Ltd.	– (Previous year Associate upto 30.01.2006)
	Bengal Ambuja Housing Development Ltd.	– (Previous year Joint Venture upto 30.01.2006)
	Bengal Ambuja Metro Development Ltd.	– (Previous year Joint Venture upto 30.01.2006)
D	Key Management Personnel	
	Mr. N. S. Sekhsaria	Vice Chairman – (Previous year Managing Director upto 30.01.2006)
	Mr. Anil Singhvi	Managing Director upto 30.04.2007 (Previous year Whole-time Director upto 30.01.2006)
	Mr. P. N. Sekhsaria	– (Previous year Whole-time Director upto 30.01.2006)
	Mr. A. L. Kapur	Managing Director from 01.05.2007(Whole-time Director upto 30.04.2007)
	Mr. P. B. Kulkarni	Whole-time Director
	Mr. N. P. Ghuwalewala	Whole-time Director
	Mr. B. L. Taparia	Whole-time Director and Company Secretary
	Mr. H. V. Neotia	– (Previous year Managing Director - erstwhile Ambuja Cement Eastern Ltd. upto 31.03.2006)
	Mr. S. N. Toshniwal	– (Previous year President (Commercial) & Manager – erstwhile Ambuja Cement Eastern Ltd (from 03.05.2006 to 05.12.2006))
E	Relatives of Key Management Personnel	
	Mr. Ajay Kapur	Son of Mr. A. L. Kapur
	Mr. Milind Kulkarni (upto 08.08.2007)	Son of Mr. P. B. Kulkarni
F	Enterprises over which significant influence exercised by	
	(A) Directors	
	Radha Madhav Investments Ltd.	Mr. N. S. Sekhsaria – Vice Chairman (Previous year Managing Director till 30.01.2006)
	Satyanarayan Sekhsaria Pvt. Ltd.	Mr. N. S. Sekhsaria – Vice Chairman (Previous year Managing Director till 30.01.2006)
	GACL Finance Ltd.	Mr. N. S. Sekhsaria – Vice Chairman (Previous year Managing Director till 30.01.2006)
	Radha Krishna Bimalkumar Pvt. Ltd.	Mr. Suresh Neotia – Chairman
	Ambuja Housing & Urban Infrastructure Co. Ltd.	Mr. Suresh Neotia – Chairman
	Pathfinder Advisors Pvt. Ltd. (Formerly Suryajyoti Finvest Pvt. Ltd.)	Mr. Anil Singhvi – Managing Director upto 30.04.2007 (Previous year Whole-time Director till 30.01.2006)
	(B) Relative of Key Management Personnel	
	Salaam Bombay Foundation	Mrs. Padmini Somani, daughter of Mr. N. S. Sekhsaria is a Director of the Foundation

	Party	Relation
(C)	Major Shareholders (with effect from 03.05.2006)	
	Holderind Investments Ltd., Mauritius	Major Shareholder
	Holcim CTC Trading Co.	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	Holcim Trading Pte Ltd., Singapore	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	Holcim Group Supports Ltd.	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	ACC Machinery Company Ltd.	Wholly Owned Subsidiary of ACC Ltd
	ACC Nihon Casting Ltd.	Wholly Owned Subsidiary of ACC Ltd
	ACC Ltd.	Associate of Holderind Investments Ltd., Mauritius
	Ambuja Cement India Private Ltd.	Subsidiary of Holderind Investments Ltd, Mauritius (Associate upto 30.04.2007)
	Holcim Trading FZCO, Dubai	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	Holcim Services (Asia) Ltd	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	Holcim Services (South Asia) Ltd.	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	Siam City Cement, Thailand	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	Holcim Ltd.	Ultimate Parent Company Holderind Investments Ltd., Mauritius

b) Disclosures required for related parties transactions

Rs. in Crores

Transactions	Subsidiaries	Sub-subsidiaries	Associates	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which significant influence by Directors and Key Management Personnel
I. Transactions during the period							
Purchase of Goods	– (–)	– (–)	– (63.46)	– (–)	– (–)	– (–)	111.85 (5.26)
Sale of Goods	25.35 (99.14)	– (–)	– (3.09)	– (0.18)	– (–)	– (–)	208.95 (57.31)
Purchase of Fixed Assets	– (–)	– (–)	– (4.98)	– (–)	– (–)	– (–)	34.13 (–)
Sale of Fixed Assets	– (–)	– (–)	– (0.03)	– (–)	– (–)	– (–)	1.05 (16.57)
Sale of Investments	– (2.42)	– (–)	– (–)	– (–)	– (–)	– (–)	1,061.52 (72.03)
Rendering of Services	– (–)	– (–)	– (0.41)	– (–)	– (–)	– (–)	– (–)
Receiving of Services	– (–)	– (–)	– (0.01)	– (–)	– (–)	– (–)	0.98 (–)
Interest Received	– (0.03)	– (–)	– (0.21)	– (–)	– (–)	– (–)	– (–)
Interest Paid	– (1.31)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Remuneration	– –	– (–)	– (–)	– (–)	13.66 (27.04)	0.35 (0.50)	– (–)
Dividends Received	– (–)	– (–)	– (0.43)	– (0.50)	– (–)	– (–)	Rs.4250 (–)
Royalty Received	– (4.52)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Other Recoveries	– (–)	– (–)	– (0.02)	– (–)	– (–)	– (–)	– (–)
Other Payments	0.25 (1.54)	– (–)	– (0.22)	– (0.02)	– (–)	– (–)	22.09 (1.73)
Equity contribution	2.34 (10.00)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Loans given	0.25 (0.72)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
II. Amounts Outstanding as at Balance Sheet date							
Loans given Outstanding	0.25 (0.77)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Amounts Receivable	10.06 (9.09)	– (–)	– (0.54)	– (–)	– (–)	– (–)	32.11 (11.28)
Amounts Payable	0.26 (0.69)	– (–)	– (0.71)	– (–)	– (–)	– (–)	14.19 (1.12)

III. **Notes :**

1. Related Party relationship is as identified by the Company on the basis of available information.
2. No amount has been written off or written back during the year in respect of debts due from or to related parties.
3. Figures for the previous year have been given in brackets.

Details of material related party transactions [included in b]

Rs. in Crores

Description	Subsidiary/Sub-subsidiary						Enterprises Over which significant influence is exercised by Directors/Key Management Personnel, Major Shareholders											
	Ceylon Ambuja Cement (P) Ltd.	Chemical Lines Mundwa (P) Ltd.	M.G.T. Cements (P) Ltd.	Radha Madhav Investments Ltd.	Radha Krishna Bimal kumar Pvt. Ltd.	Satyanarayan Sekhsaria Pvt. Ltd.	ACC Ltd.	Ambuja Cement India P. Ltd.	GACL Finance Ltd.	Pathfinder Advisors Pvt. Ltd.	Ambuja Holding & Urban Infrastructure Co. Ltd. (Subsidiary upto 30.01.2006)	Holcim CTC Trading Co.	Holcim Trading Pte. Ltd. Singapore	Holcim Services (South Asia) Ltd.	Holcim Services (Asia) Ltd.	Holcim Trading FZCO, Dubai	Holcim Group Supports Ltd.	Holderind Investments Ltd.
Purchase of Goods	–	–	–	–	–	–	80.33	–	–	–	–	–	5.88	–	–	25.52	0.12	–
	(–)	(–)	(–)	(–)	(–)	(–)	(63.45)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Purchase of Fixed Assets ..	–	–	–	–	–	–	5.32	28.81	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Sale of Goods	25.35	–	–	–	–	–	14.60	–	–	–	–	194.35	–	–	–	–	–	–
	(99.14)	(–)	(–)	(–)	(–)	(–)	(3.09)	(–)	(–)	(–)	(–)	(57.31)	(–)	(–)	(–)	(–)	(–)	(–)
Sale of Investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,061.52
	(2.42)	(–)	(–)	(8.00)	(10.00)	(–)	(–)	(–)	(–)	(0.90)	(53.13)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Sale of Fixed Assets	–	–	–	–	1.05	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(0.17)	(0.09)	(0.30)	(–)	(–)	(10.08)	(–)	(5.93)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Royalty Received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(4.52)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Equity Contribution	–	1.36	0.98	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(10.00)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Other Payments	–	–	–	–	–	–	0.04	7.69	1.08	–	–	2.81	–	3.98	1.04	–	5.45	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)

SCHEDULE 'U' – NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

6. Derivative Instrument and Unhedged Foreign Currency Exposure

S. No	Purpose	Currency	**As at 31.12.2007 Amount (In Million)**	As at 31.12.2006 Amount (In Million)
(A)	**Forward Currency Swap Outstanding**			
1	ECB Loan Outstanding	USD	**20.00**	100.00
(B)	**Unhedged Foreign Currency Exposure**			
1	ECB loan taken in JPY and swapped against USD	JPY	**2,334.00**	11,082.80
2	Outstanding creditors for Raw Material & Spares	USD	**0.58**	2.87
3	Outstanding creditors for Raw Material & Spares	EURO	**0.80**	0.77
4	Outstanding creditors for Raw Material & Spares	GBP	**-**	0.03
5	Outstanding creditors for Raw Material & Spares	SEK	**0.09**	0.06
6	Outstanding creditors for Raw Material & Spares	DKK	**0.01**	0.12
7	Outstanding creditors for Expenses	USD	**0.01**	0.12
8	Outstanding creditors for Expenses	CHF	**0.10**	0.10
9	Outstanding debtors	USD	**11.26**	5.94

7. The Company had investments in two joint venture companies, incorporated in India – Bengal Ambuja Housing Development Limited ('BAHDL') and Bengal Ambuja Metro Development Limited ('BAMDL') – which were disposed off During the year ended 31.12.2006. For the year ended 31.12.2006, the Company's proportionate share in the income and expense was Rs. 2.56 crores and Rs. 2.40 crores respectively in BAHDL, and Rs. 6.74 crores and Rs. 5.24 crores respectively in BAMDL. The Company had no investment in these companies as at 31.12.2007 and 31.12.2006.

8. Earning per Share (EPS) :

		2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
(i)	Profit attributable to Equity Shareholders for Basic EPS :		
	Profit after tax	**1,769.10**	1,503.25
	Add: Profit of erstwhile ACEL upto 31st December, 2005	**–**	24.95
		1,769.10	1,528.20
(ii)	Profit attributable to Equity Shareholders for Diluted EPS	**1,769.10**	1,528.20
		Nos.	Nos.
(iii)	Weighted average number of Equity Shares for Basic EPS :		
	Number of Equity Shares as on date of GACL	**1,520,262,996**	1,458,296,460
	Number of Equity Shares as on 31st December, 2005 of erstwhile ACEL	**–**	51,600,892
		1,520,262,996	1,509,897,352
(iv)	Weighted average number of Equity Shares for Diluted EPS :		
	Number of Equity Shares as on date of GACL	**1,520,262,996**	1,458,296,460
	Number of Equity Shares as on 31st December, 2005 of erstwhile ACEL	**–**	51,600,892
		1,520,262,996	1,509,897,352
	Add : Potential equity shares on exercise of option of ESOS	**2,957,963**	4,338,919
	Add : Potential equity shares on exercise of Rights and Warrants kept in abeyance out of the Rights issue in 1992	**269,898**	258,022
	Weighted average number of shares for Diluted EPS	**1,523,490,857**	1,514,494,293
		Rs.	Rs.
(v)	Nominal Value of Shares	**2.00**	2.00
(vi)	Earning per Share :		
	Basic	**11.64**	10.12
	Diluted	**11.61**	10.09

9 A) Managerial Remuneration :

i) Computation of Managing Directors', Whole-time Directors' and Directors' Commission :

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
Profit as per Profit and Loss Account		**1,769.10**	1,503.25
Add : Managing Directors' Remuneration (including perquisite)	**8.17**		16.65
Whole-time Directors' Remuneration (including perquisite)	**5.49**		9.79
Managerial Remuneration of erstwhile ACEL (Refer Note 2 (c) below)	**–**		0.55
Directors' Commission	**0.84**		1.11
Depreciation	**236.34**		326.12
Provision for Diminutions' in value of investment	**30.54**		–
Compensation for settlement of claims relating to erstwhile ACRL	**–**		3.00
Provision for Wealth Tax	**0.24**		0.38
Provision for Fringe Benefit Tax	**5.15**		5.28
Provision for Current Tax	**939.00**		330.00
Provision for Deferred Tax	**(0.90)**		3.07
		1,224.87	695.95
		2,993.97	2,199.20
Less: Depreciation under Section 350 of the Companies Act, 1956	**236.34**		326.12
Excess of Sale price over the cost of assets sold	**326.40**		10.15
Profit on sale of Subsidiary/Joint Venture/Associates	**490.07**		43.37
Profit on sale of Investment, net	**23.54**		52.35
		1,076.35	431.99
Profit on which Commission is payable		**1,917.62**	1,767.21
Eligible Remuneration to the Managing and Whole-time Directors in terms of Section 309 of the Companies Act, 1956, 10% of profit on which commission is payable as computed above	**191.76**		176.72
Less : Managerial Remuneration (excluding commission)	**7.79**		6.61
Balance available for payment of Commission	**183.97**		170.11
ii) Commission			
a) Commission to be paid to the Managing Directors as determined by Board of Directors	**5.88**		15.03
b) Commission to be paid to Whole-time Directors as decided by the Compensation and Remuneration Committee of Directors	**–**		5.35
		5.88	20.38
c) Commission to other Directors : Eligible Commission to other Directors in terms of Section 309 of the Companies Act, 1956, 1% of profit on which commission is payable as computed above			
Commission to be paid as determined by the Board of Directors		**0.84**	1.11
		6.72	21.49

B) The Profit and Loss Account includes payments to and provisions for Managerial remuneration as under :

	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
Salaries & Allowances	**6.66**	5.16
Commission to the Managing Directors (Refer Note 2 below)	**5.88**	15.03
Commission to the Whole-time Directors	**–**	5.35
Contribution to Provident & Other Funds	**1.01**	1.19
Perquisites (including estimated monetary Value Rs. Nil; Previous year – Rs. 1.05 crore)	**0.11**	1.31
	13.66	28.04

Notes :

1) Remuneration includes gratuity to the extent of contribution and leave encashment on payment basis.
2) Includes commission payable to Mr. Anil Singhvi upto 30th April, 2007.

	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
10. Deferred Tax Liability :		
Break-up of Deferred Tax Assets and Liabilities is as under :		
Deferred Tax Liabilities, on account of :		
Depreciation	**406.16**	395.72
Deferred Revenue Expenditure	**–**	0.43
TOTAL	**406.16**	396.15
Deferred Tax Assets, on account of :		
Employee benefits (refer Note 21)	**13.47**	6.34
Provision for diminution in value of investments	**6.69**	–
Others	**7.62**	5.95
TOTAL	**27.78**	12.29
Net Deferred Tax (Assets)/Liabilities	**378.38**	383.86*
* After adjusting net deferred tax assets of erstwhile ACEL taken over on amalgamation Rs. 0.30 crore.		
11. Payment to Auditors :		
(a) Statutory Auditors		
(i) As Auditors	**0.61**	0.75
(ii) Audit of financial statements as per International Financial Reporting Standard	**0.25**	0.70
(iii) In other capacity		
- Certification Work	**0.43**	0.61
(iv) For Expenses	**0.08**	0.15
	1.37	2.21
(b) Cost Auditors		
(i) As Auditors	**0.03**	0.04
(ii) For Expenses - (Rs. 35,918)	**–**	0.01
	0.03	0.05

	2007 (12 Months) MT	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) MT	2005-2006 (18 Months) Rs. in Crores
12. Licensed & Installed Capacity, Production, Stocks and Turnover:				
Cement				
(i) Licensed Capacity (see Note "a")				
(ii) Installed Capacity (see Note "b")	**18,500,000**		16,300,000	
(iii) Production (excluding Trial Run Production of 11948 MT; Previous Year Nil MT)	**16,861,080**		22,632,976	
(iv) Stocks :				
Opening	**214,264**	**38.55**	234,838	35.58
Transferred on amalgamation from erstwhile ACEL	**–**	**–**	38,883	8.08
Closing	**249,110**	**33.93**	214,264	38.55
(v) Turnover (see Note "c")				
Cement (including Trial Run stock of 6471 MT; Previous Year Nil MT)	**16,771,060**	**6,454.75**	22,602,163	7,010.47
Sale of surplus generated power		**14.93**		6.23
		6,469.68		7,016.70
Notes:				
(a) The Company's product is exempt from Licensing requirements under New Industrial Policy in terms of Notification no. S.O.477(E) dated 25th July, 1991.				
(b) Annual Capacity as certified by the management and, being a technical matter, accepted by the Auditors.				
(c) (i) Excludes Self Consumption for Capital and Revenue jobs	**57,137**	**9.47**	78,345	10.82
(ii) Excludes Trial Run production	**6,471**	**2.99**	–	–
(d) Shortages, Samples and Handling Loss, etc.	**4,508**		11,925	

	2007 (12 Months) MT	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) MT	2005-2006 (18 Months) Rs. in Crores
13. Raw Materials consumed :				
(i) Limestone and clay				
Raised by the Company	**16,534,722**		23,999,733	
Purchased	**139,941**	**3.54**	234,376	5.92
Transportation and Handling Charges	**–**	**27.24**	–	37.18
(ii) Gypsum	**952,985**	**116.67**	1,215,069	134.02
(iii) Silica	**246,870**	**9.57**	346,051	12.46
(iv) Iron ore	**91,073**	**5.96**	89,385	5.38
(v) Clinker Purchased	**467,536**	**138.28**	239,056	52.42
(vi) Fly Ash	**4,078,012**	**136.73**	4,102,499	105.49
(vii) Others		**16.76**		30.39
TOTAL		**454.75**		383.26

	Rs. in Crores	Percentage	Rs. in Crores	Percentage
14. (a) Raw Materials Consumed :				
(i) Imported	**50.08**	**11.01**	19.39	5.06
(ii) Indigenous	**404.67**	**88.99**	363.87	94.94
TOTAL	**454.75**	**100.00**	383.26	100.00
(b) Spares Consumed :				
(i) Imported	**24.37**	**27.35**	45.85	36.66
(ii) Indigenous	**64.75**	**72.65**	79.22	63.34
TOTAL	**89.12**	**100.00**	125.07	100.00

	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
15. CIF Value of imports		
(i) Raw Materials	**28.03**	17.52
(ii) Fuels	**322.23**	216.67
(iii) Spares	**25.84**	46.27
(iv) Capital Goods	**19.77**	34.80
16 Expenditure in Foreign Currency :		
(i) Technical Fees (Net of tax) (Capitalised Rs. 0.93 crore; Previous Year Rs. 0.37 crore)	**2.02**	1.78
(ii) Interest & Finance Charges (Capitalised Rs. 11.69 crore; Previous Year Rs. 8.28 crore)	**20.15**	50.66
(iii) Travelling Expenses	**0.77**	0.78
(iv) Ship Charter Hire, Port Dues, etc.	**2.21**	4.61
(v) Consultancy Charges	**–**	0.08
(vi) Other Matters	**0.20**	2.61
17 Remittances in Foreign Currency :		
On account of dividend to non-resident shareholders		
Final Dividend		
No. of shareholders	**307**	165
No. of Equity Shares	**274,258,767**	62,538,238
Amount remitted, net of tax (Rs. in crores)	**21.94**	3.75
Year to which it pertains	**2005-2006**	2004-2005
First Interim Dividend		
No. of shareholders	**293**	333
No. of Equity Shares	**342,704,758**	201,875,206
Amount remitted, net of tax (Rs. in crores)	**85.68**	20.19
Period to which it pertains	**2007**	2005-2006
Second Interim Dividend		
No. of shareholders	**–**	322
No. of Equity Shares	**–**	201,977,639
Amount remitted, net of tax (Rs. in crores)	**–**	30.30
Period to which it pertains	**–**	2005-2006
18 Earnings in Foreign Exchange		
(i) F.O.B. Value of Exports	**277.47**	514.61
(ii) Royalty	**–**	4.52
(iii) Other Income	**0.47**	1.71

SCHEDULE 'U' – NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*	**2007 (12 Months) Rs. in Crores**	2005-2006 (18 Months) Rs. in Crores
19 Movement of provisions during the period as required under Accounting Standard - 29		
Mines Reclamation Expenditure :		
Opening Provision	**7.02**	5.22
Add : Provision during the period	**1.44**	1.73
Add : Transferred on amalgamation from erstwhile ACEL	**–**	2.55
	8.46	9.50
Less : Utilisation during the period	**0.31**	1.13
	8.15	8.37
Less : Reversal during the period	**–**	1.35
Closing Provision	**8.15**	7.02

Mine reclamation expenditure is incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure.

20 Employee Defined Benefits :

(a) Defined Contribution Plans –

The Company has recognised an expense of Rs. 3.32 crores. (Previous year Rs. 3.98 Crores) towards the defined contribution plans.

(b) Defined Benefit Plans – As per Actuarial Valuation on December 31, 2007.

Rs. in Crores

		Particulars	Gratuity Funded	Gratuity Other	Death and Disability Scheme (Shipping)	Post Retirement Medical Benefits
I		Expense recognised in the Statement of Profit and Loss Account for the year ended December 31, 2007				
	1	Current Service Cost	2.38	0.09	0.07	0.10
	2	Interest Cost	1.89	0.06	0.03	0.09
	3	Employee Contributions	–	–	–	–
	4	Expected Return on Plan Assets	(1.82)	–	–	–
	5	Actuarial (Gains)/Losses	6.02	(0.10)	(0.16)	(0.03)
	6	Past Service Cost	–	–	–	–
	7	Settlement Cost	–	–	–	–
	8	Losses/(gains) on acquisition/divesture	2.47	–	–	–
	9	Total Expense	10.94	0.05	(0.06)	0.16
II		Net Asset/(Liability) recognised in the Balance Sheet as at December 31, 2007				
	1	Present Value of Defined Benefit Obligation	(42.39)	(0.68)	(0.35)	(1.33)
	2	Fair Value of Plan Assets	40.17	–	–	
	3	Funded Status [Surplus/(Deficit)]	(2.22)	(0.68)	(0.35)	(1.33)
	4	Net Asset/(Liability) as at December 31, 2007	(2.22)	(0.68)	(0.35)	(1.33)
III		Change in Obligation during the Year ended December 31, 2007				
	1	Present value of Defined Benefit Obligation at the beginning of the year	25.95	0.91	0.42	1.18
	2	Current Service Cost	2.38	0.09	0.07	0.10
	3	Interest Cost	1.89	0.06	0.03	0.09
	4	Settlement Cost	–	–	–	–
	5	Past Service Cost	–	–	–	–
	6	Employee Contributions	–	–	–	–
	7	Liabilities assumed on acquisition/(settled on divesture)	7.15	–	–	–
	8	Actuarial (Gains)/Losses	7.81	(0.10)	(0.16)	(0.03)
	9	Benefits Payments	(2.79)	(0.28)	–	–
	10	Present Value of Defined Benefit Obligation at the end of the year	42.39	0.68	0.36	1.33
IV		Change in Assets during the Year ended December 31, 2007				
	1	Plan Assets at the beginning of the year	24.39	–	–	–
	2	Assets acquired on amalgamation in previous year	4.69	–	–	–
	3	Settlements	–	–	–	–
	4	Expected return on plan assets	1.82	–	–	–
	5	Contributions by employer	10.28	0.28	–	–
	6	Actual Benefit Paid	(2.79)	(0.28)	–	–
	7	Actuarial Gains/(Losses)	1.78	–	–	–
	8	Plan Assets at the end of the year	40.17	–	–	–
	9	Actual Return on plan assets	2.20	–	–	–

V The major categories of plan assets as a percentage of total plan
Qualifying Insurance policy 100%

		1% increase	1% decrease
VI	Effect of One percentage point change in the assumed Medical Inflation rate	1% increase	1% decrease
	Increase/(Decrease) on aggregate service and interest cost	0.04	(0.04)
	Increase/(Decrease) on Present value of Defined Benefit Obligation as at December 31, 2007	0.27	(0.22)

VII Actuarial Assumptions:

1	Discount Rate	8.05% p.a.
2	Expected rate of return on plan assets	7.50% p.a.
3	Mortality	LIC (1994-96) mortality tables
4	Turnover rate	Age 21-44 – 2%, Age 45-57 – 1%
5	Medical premium inflation	5% p.a.
6	Salary Escalation	7% p.a.

VIII Provident Fund

Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. The Company has made provision of Rs.0.20 crore towards the deficit in the fund as at 31st December, 2007.

IX Amounts recognized as an expense in respect of defined benefit plans as under :

		2007
a)	Gratuity	9.29
b)	Shipping Staff Gratuity	0.05
c)	Post Retirement Medical Benefits	0.16
		9.50

(c) Amount recognised as an expense in respect of Compensated Leave Absences is Rs 6.35 crores.

(d) Basis used to determine expected rate of return on assets:

The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation. The Gratuity Scheme is invested in a Group Gratuity-cum-Life Assurance cash accumulation policy offered by Life Insurance Corporation (LIC) of India. The investment return earned on the policy comprises bonuses declared by LIC having regard to LIC's investment earnings. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. We understand that LIC's overall portfolio of assets is well diversified as such, the long-term return on the policy is expected to be higher than the rate of return on Central Government Bonds. Historically too, the returns declared by LIC on such policies have been higher than Government bond yields. As such, the expected return on assets assumption is taken by adding a margin of 0.5% on the current market yield on the Central Government bonds (of term consistent with the terms of liabilities).

(e) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

21 Change in accounting policy :

During the year, the Company has made provision for the employee benefits in accordance with the Accounting Standard - 15 (revised 2005) "Employee Benefits" (AS-15) which has become applicable to the Company. Consequent to the change, the employee cost for the year is lower by Rs. 7.31 crores and the provision for employee benefits as at the year ended 31st December, 2007 is higher by Rs. 6.17 crores. Further in accordance with the transitional provision of AS-15, the additional provision towards Employee Benefits as at January 1, 2007 amounting to Rs. 8.90 crores (net of deferred tax liability of Rs. 4.58 crores) has been adjusted to the General Reserves.

22 Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Amount overdue as on 31st December, 2007, to Micro, Small and Medium Enterprises on account of principal amount together with interest, aggregate to Rs. Nil (Previous Year – Rs. Nil).

23 The Company has a Put and Call Option Agreement with Holderind Investments Limited (Holcim Mauritius) with respect to its existing shareholding in Ambuja Cement India Private Limited. As per this agreement, the Company has a right to put all or part of the shares held by it to Holcim Mauritius on or anytime after 30th June, 2005. As per the said agreement , during the year the Company sold 19,07,50,000 equity shares for a consideration of Rs.1,061.52 crores at a profit of Rs. 490.07 crores and the balance 9,53,70,000 equity shares will be sold on 30th April, 2008 for a consideration of Rs. 588.91 crores.

24 Due to adverse market conditions and depreciation in the local currency in Sri Lanka, the Company's subsidiary Ceylon Ambuja Cements (Private) Limited has incurred continuing losses and net worth of the said subsidiary company has been eroded. Accordingly, during the year, the Company has recognised a provision for diminution in value of investments of Rs. 29.54 crores.

25 Hitherto, while computing the income tax provision, the Company had considered sales tax incentives for certain units as capital receipts not liable to tax, based on expert advice obtained and favourable decisions of the Income tax Appellate Tribunal on similar issue.

During the year, the above tax treatment was reconsidered in view of subsequent contrary decisions of the High Court on similar issue and accordingly, the Company as a matter of prudence, recognised a tax provision on these sales tax incentives. The Company has also recognised tax liability amounting to Rs. 202.00 crores and interest of Rs. 16.80 crores relating to earlier years.

26. Amalgamation of Indo Nippon Special Cements Limited (INSCL) :

(a) Pursuant to the Scheme of Amalgamation sanctioned by the Honourable High Court of Gujarat at Ahmedabad on 9th January, 2007, the entire business and all assets and liabilities of erstwhile Indo Nippon Special Cements Limited (INSCL), has with effect from 1st July, 2005, stood transferred and vest in the Company. Accordingly, the said assets, liabilities and transactions have been incorporated in these financial statements.

(b) The amalgamation has been accounted for under the "pooling of interest" method as prescribed by the Accounting Standard AS-14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Accordingly, the accounting treatment has been given as under :

SCHEDULE 'U' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(i) The assets and liabilities as at 1st July, 2005, have been incorporated in the financial statements of the Company at their carrying values in the books of erstwhile INSCL.

(ii) In terms of the Scheme of Amalgamation, the Company has acquired net assets having book value of Rs. 0.51 crores.

(iii) Credit balance in the Profit and Loss Account of INSCL amounting to Rs.0.21 crore as at 1st July, 2005 has been credited to Profit and Loss Account of the Company.

27. The Company's subsidiary Cement Ambuja International Limited ('CAIL'), Mauritius has initiated the voluntary winding up proceedings under the Company Act, 2001, Mauritius and has repaid the outstanding paid up capital and accumulated reserves to the Company during the previous year ended 31st December, 2006. CAIL is in the process of seeking necessary regulatory approvals to complete the liquidation, pending which the Company continues to be a member of CAIL.

28. Capital Work in Progress includes (a) Machinery in transit – Rs.2.94 crores (31.12.2006 - Rs. 4.07 Crores); (b) expenditure during construction for project – Rs.41.17 Crores (31.12.2006 – Rs. 28.85 Crore).

29. Employee Stock Option Plans:

a) The Company has provided various share based payments to its employees. During the year ended December 31,2007, the following schemes were in operation:

	Particulars	**2000-01**	**2001-02**	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2007**
a)	Date of grant	13.11.2000	19.10.2001	24.10.2002	21.01.2004	10.03.2005	07.11.2005	07.06.2007
b)	Date of Board Approval	08.08.2000	03.08.2001	20.08.2002	31.07.2003	23.07.2004	24.06.2005	11.01.2007
c)	Date of Shareholders Approval	6.10.2000	05.10.2001	11.10.2002	06.10.2003	18.10.2004	10.10.2005	26.03.2007
d)	Number of options granted	970,700	711,100	815,800	864,600	812,325	873,075	7,386,750
e)	Method of Settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity	Equity	Equity
f)	Vesting period from the date of Grant	Equally in 4 years	1 year	1 year	1 year	1 year	1 year	1 year
g)	Exercise Period from the date of Vesting	Equally in 4 years	5 years	5 years	5 years	4 years	4 years	4 years

b) The details of activity under the ESOP schemes have been summarised below :

		2007 (12 Months)		2005-06 (18 Months)	
	Particulars	**Number of Shares**	**Weighted Average Exercise price (Rs.)**	Number of Shares	Weighted Average Exercise price (Rs.)
a)	Outstanding at the beginning of the year	**8,216,938**	**57.03**	14,913,714	43.04
b)	Granted during the year	**7,386,750**	**113.00**	4,365,375	69.60
c)	Forfeited during the year	**–**		–	
d)	Exercised during the year	**5,546,832**	**60.01**	10,981,588	51.97
e)	Expired during the year	**364,843**	**57.03**	80,563	43.04
f)	Outstanding at the end of the year	**9,692,013**	**99.69**	8,216,938	57.03
g)	Exercisable at the end of the year	**2,560,813**	**55.87**	8,216,938	57.03
h)	Weighted average remaining contractual life (in years) ...	**4.30**		3.44	
i)	Weighted average fair value of options granted	**82.35**		32.19	

The weighted average share price at the date of exercise for stock options was Rs. 115.26.

The weighted average share price for the period over which stock options were exercised was Rs. 130.70.

c) The details of exercise price for stock options outstanding at the end of the year i.e.31st December, 2007.

	2007			2005-06		
ESOP Plans	**Number of options outstanding**	**Weighted average remaining contractual life of options (in years)**	**Weighted average exercise price (Rs. per share of Rs. 2 each)**	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs. per share of Rs. 2 each
2000-01	**35,900**	**1.90**	**18.40**	42,525	2.90	18.40
2001-02	**–**	**–**	**20.00**	20,000	0.80	20.00
2002-03	**12,000**	**0.80**	**22.13**	17,700	1.80	22.13
2003-04	**39,650**	**2.10**	**41.33**	190,150	3.10	41.33
2004-05	**110,175**	**2.20**	**59.07**	416,550	3.20	59.07
2005-06	**215,575**	**2.90**	**69.60**	613,000	3.90	69.60
2007	**7,131,200**	**4.40**	**113.00**			

d) Stock Options granted :

The weighted average fair value of stock options granted for the year was Rs. 29.28. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Variables	**2007 (12 Months)**	2005-2006 (18 Months)
Grant date	**07.06.2007**	07.11.2005
Stock Price (Rs. per share)	**109.55**	73.05
Volatility	**33.73%**	32.22%
Risk free rate	**7.89%**	6.44%
Exercise price	**113.00**	69.60
Time to Maturity	**3**	3
Dividend yield	**2.22%**	2.71%
Option fair value (Rs. per share)	**29.28**	19.21

e) Effect of the employee share based payment plans on the Profit and Loss Account and on its financial position:

	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
Total Employee Compensation Cost pertaining to share based payment plans	**–**	1.47
Compensation cost pertaining to equity settled employee share based payment plan included above	**–**	1.47
Liability for employee stock options outstanding as at year end	**0.38**	1.09
Deferred Compensation Cost	**–**	–

f) Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as under :

	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
Profit as reported	**1,769.10**	1,528.20
Add : Employee stock compensation under intrinsic value method	**–**	1.47
Less : Employee stock compensation under fair value method	**20.88**	11.74
Proforma profit	**1,748.22**	1,517.93
Earning per share (Rs.)		
Basic :		
– As reported	**11.64**	10.12
– Proforma	**11.50**	10.05
Diluted :		
– As reported	**11.61**	10.09
– Proforma	**11.48**	10.01

30. Disclosure in respect of Loans and Advances in the nature of Loans pursuant to Clause 32 of the Listing Agreement :

	As at 31.12.2007		As at 31.12.2006	
	Outstanding balance Rs. in Crores	**Maximum balance during the year Rs. in Crores**	Outstanding balance Rs. in Crores	Maximum balance during the year Rs. in Crores
(A) Loans and Advances in the nature of loans given to Subsidiaries and Associates, etc.				
(i) Loans to Subsidiaries :				
MGT Cements Private Limited	**0.25**	**0.25**	–	–
Indo Nippon Special Cements Limited (merged during the year with effect from 1st July, 2005)	**–**	**–**	0.77	0.77
(ii) Loans to Associates :				
Ambuja Cement Eastern Limited (merged in the previous year with effect from 1st January, 2006)	**–**	**–**	–	8.90

31. The previous period figures are for eighteen months period ended 31st December, 2006. Hence, the current year's figures are not comparable with those of the previous period.
32. Figures less than Rs. 50,000 have been shown at actuals, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lac.
33. Figures of the previous period have been regrouped wherever necessary to conform to this year's classification.

Signatures to Schedules 'A' to 'U'

As per our report of even date

S.R.BATLIBOI & ASSOCIATES
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai, 1st February, 2008

For and on behalf of the Board

B.L. Taparia
Whole-time Director & Company Secretary

David Atkinson
Chief Financial Officer

Suresh Neotia
Chairman

M.L. Bhakta
Chairman - Audit Committee

A.L. Kapur
Managing Director

N.S. Sekhsaria – Vice Chairman

Markus Akermann
Rajendra P. Chitale
Shailesh Haribhakti
Nirmalya Kumar
Omkar Goswami
— Directors

P. B. Kulkarni
N.P. Ghuwalewala
— Whole-time Directors

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	4717	State Code	04
Balance Sheet Date	31.12.2007		

II. Capital Raised during the Year (Amount in Rs. Thousand)

Public Issue	–	Right Issue (Abeyance Cases)	–
Bonus Issue	–	Private Placement	–
On Amalgamation	–	ESOS	11,094

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	53,700,500	Total Assets	53,700,500
Sources of Funds			
Paid -up Capital	3,044,751	Reserves & Surplus	43,563,955
Share Application Money	–	Unsecured Loans	2,304,199
Employee Stock Option Outstanding	3,799		
Secured Loans	1,000,000		
Deferred Tax Liabilities	3,783,796		
Application of Funds			
Net Fixed Assets	36,566,505	Investments	12,889,416
Net Current Assets	4,182,415	Misc. Expenditure	62,164
Accumulated Losses	–		

IV. Performance of Company (Amount in Rs. Thousand)

Turnover (Net of Excise duty)	57,048,460	Total Expenditure	39,719,143
Profit before tax	19,264,571	Profit after Tax	17,691,056
Earning per Share in Rs.	11.64	Dividend Rate %	175%

V. Generic Name of Principal Product of the Company

Item Code No.	2,523
Product Description	Portland Cement

For and on behalf of the Board

B.L. Taparia
Whole-time Director & Company Secretary

Suresh Neotia
Chairman

N.S. Sekhsaria – Vice Chairman

Markus Akermann
Rajendra P. Chitale
Shailesh Haribhakti
Nirmalya Kumar
Omkar Goswami
Directors

M.L. Bhakta
Chairman - Audit Committee

Mumbai, 1st February, 2008

David Atkinson
Chief Financial Officer

A.L. Kapur
Managing Director

P. B. Kulkarni
N.P. Ghuwalewala
Whole-time Directors

AUDITORS' REPORT
TO THE BOARD OF DIRECTORS, AMBUJA CEMENTS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached Consolidated Balance Sheet of Ambuja Cements Limited and its subsidiaries, ('the Group'), as at 31st December, 2007, and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Ambuja Cements Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 8.64 crores as at 31st December, 2007, total revenue of Rs. 112.89 crores and cash flows amounting to Rs. 8.84 crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by the Ambuja Cements Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at December 31, 2007;

   (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and

   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Sudhir Soni
Partner
Membership No.:41870

Mumbai, February 1, 2008

CONSOLIDATED BALANCE SHEET

as at 31st December, 2007

	Schedule	Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A	**304.48**		303.37
Share Application Money, pending allotment		**–**		0.05
Employee Stock Option Outstanding (Refer Note 11)		**0.38**		1.09
Reserves and Surplus	B	**4,554.40**		3,597.27
			4,859.26	3,901.78
Minority Interest			**0.42**	0.42
Loan Funds				
Secured Loans	C	**108.28**		317.77
Unsecured Loans	D	**230.42**		547.61
			338.70	865.38
Deferred Tax Liability, net (Refer Note 7)			**378.38**	383.86
TOTAL			**5,576.76**	5,151.44
APPLICATION OF FUNDS				
Fixed Assets	E			
Gross Block		**5,251.83**		4,559.18
Less: Depreciation		**2,273.98**		2,055.16
Net Block		**2,977.85**		2,504.02
Capital Work in Progress (Refer Note 8)		**510.04**		542.36
		3,487.89		3,046.38
Advances against capital expenditure		**186.86**		93.16
			3,674.75	3,139.54
Investments	F		**1,480.36**	1,530.07
Current Assets, Loans and Advances				
Inventories	G	**586.27**		415.73
Sundry Debtors	H	**135.38**		82.59
Cash and Bank Balances	I	**651.58**		379.47
Other Current Assets	J	**5.31**		5.76
Loans and Advances	K	**205.18**		295.31
		1,583.72		1,178.86
Less: **Current Liabilities and Provisions**	L			
Current Liabilities		**678.25**		536.06
Provisions		**490.04**		168.68
		1,168.29		704.74
Net Current Assets			**415.43**	474.12
Miscellaneous Expenditure (to the extent not written off or adjusted)	M		**6.22**	7.71
TOTAL			**5,576.76**	5,151.44
Notes forming part of the Accounts	U			

As per our report of even date

S.R.BATLIBOI & ASSOCIATES
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai, 1st February, 2008

For and on behalf of the Board

B.L. Taparia
Whole-time Director & Company Secretary

David Atkinson
Chief Financial Officer

Suresh Neotia
Chairman

M.L. Bhakta
Chairman - Audit Committee

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Managing Director

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Markus Akermann
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Shailesh Haribhakti
Nirmalya Kumar
Omkar Goswami
Directors

P. B. Kulkarni
N.P. Ghuwalewala
Whole-time Directors

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December, 2007

	Schedule	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
INCOME				
Sales/Operating Income				
Sales (Including VAT / Sales tax remission Rs.73.08 crores, 31.12.2006 Rs.87.03 crores)		6,556.92		7,127.26
Sales - Share in Joint Venture		–		6.28
		6,556.92		7,133.54
Less: Excise duty		764.84		742.18
		5,792.08		6,391.36
Services		–		8.00
			5,792.08	6,399.36
Other Income	N		193.83	94.91
			5,985.91	6,494.27
EXPENDITURE				
Manufacturing and Operating Expenses	O	2,168.88		2,540.71
Variation in Stocks	P	(51.88)		(0.81)
Employees' Cost	Q	210.80		238.90
Administrative, Selling and Other Expenses	R	1,438.41		1,490.35
Interest and Finance Charges	S	77.09		116.37
Depreciation and Amortisation		237.18		327.84
Depreciation- Share in Joint Venture		–		0.11
		4,080.48		4,713.47
Less: Self consumption of Clinker & Cement (net of excise duty Rs. 2.23 crores: 31.12.2006 Rs. 3.09 crores)		(9.47)		(10.82)
			4,071.01	4,702.65
Profit before Share of profit in Associates			1,914.90	1,791.62
Share of profit in Associates			78.94	182.09
Profit before tax and exceptional items			1,993.84	1,973.71
Exceptional items	T		795.52	30.78
Profit before tax			2,789.36	2,004.49
Provision for Taxation				
– Current tax		737.00		392.46
– Income tax in respect of earlier years		202.00		–
– MAT credit entitlement		–		(62.00)
		939.00		330.46
– Current tax - Share in Joint Venture		–		0.60
– Deferred tax (Refer Note 7)		(0.90)		3.07
– Deferred tax - Share in Joint Venture		–		(0.01)
– Fringe Benefit tax		5.15		5.30
– Fringe Benefit tax - Share in Joint Venture		–		0.01
			943.25	339.43
Net Profit before Minority Interest			1,846.11	1,665.06
Less: Minority Interest for the year			–	0.37
Net Profit			1,846.11	1,664.69
Balance as per last Account			530.59	233.46
Balance of Profit and Loss of Joint Venture			–	13.32
Credit balance of Profit and Loss Account as on 1st January, 2006 of erstwhile Ambuja Cement Eastern Ltd. (ACEL)		–		71.31
Credit balance of Profit and Loss Account as on 1st July, 2005 of erstwhile Indo Nippon Special Cements Limited (INSCL) (Refer Note 13)		0.21		–
			0.21	71.31
Transferred from Debenture Redemption Reserve			30.00	72.05
Transferred from Exchange Fluctuation Reserve on cessation of subsidiary			–	1.95
Transferred to General Reserve			1,100.00	1,000.00
Dividend on Cumulative Preference Shares			–	0.26
Interim Dividend on Equity Shares		380.41		339.89
Dividend Distribution Tax on above		64.65		47.67
			445.06	387.56
Proposed Final Dividend on Equity Shares		152.24		121.35
Dividend Distribution Tax on above		25.87		17.02
			178.11	138.37
Balance carried to Balance Sheet			683.74	530.59
Earnings Per Share of Rs. 2 each (Refer Note 6)			Rs.	Rs.
Basic			12.14	11.19
Diluted			12.12	11.15
Notes forming part of the Accounts	U			

As per our report of even date

S.R.BATLIBOI & ASSOCIATES
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai, 1st February, 2008

For and on behalf of the Board

B.L. Taparia
Whole-time Director & Company Secretary

David Atkinson
Chief Financial Officer

Suresh Neotia
Chairman

M.L. Bhakta
Chairman - Audit Committee

A.L. Kapur
Managing Director

N.S. Sekhsaria – Vice Chairman

Markus Akermann, Rajendra P. Chitale, Shailesh Haribhakti, Nirmalya Kumar, Omkar Goswami – Directors

P. B. Kulkarni, N.P. Ghuwalewala – Whole-time Directors

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31st December, 2007

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
A) CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAX		**2,789.36**	2,004.49
Adjustment for :			
Depreciation and Amortisation	**237.18**		327.95
Surplus on sale of assets	**(2.10)**		(9.55)
Exceptional Items	**(795.52)**		(30.78)
Loss on assets discarded/sold	**6.91**		12.10
Abandoned Capital Project	**2.54**		2.40
Part of deferred revenue expenditure, written off	**0.47**		1.07
Provision for diminution in value of Investment	**1.00**		–
Profit on sale of investments	**(23.54)**		(8.98)
Share of Joint venture in profit on sale of investments	**–**		(0.02)
Interest and Finance Charges	**77.09**		116.37
Interest Income	**(76.10)**		(36.22)
Exchange rate difference	**(33.82)**		15.03
Dividend income	**(22.80)**		(4.10)
Share of Joint venture in dividend income	**–**		(0.49)
Bad Debts, Sundry Debit Balance Claims Written off	**1.89**		6.67
Provision for Doubtful debts and advances (net)	**2.44**		0.05
Provision for wealth tax	**0.24**		0.38
Share in Associate	**(78.94)**		(182.09)
		(703.06)	209.79
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**2,086.30**	2,214.28
Adjustment for :			
Trade and other receivables	**(104.22)**		(21.11)
Inventories	**(170.52)**		10.84
Trade Payables	**166.64**		101.96
		(108.10)	91.69
CASH GENERATED FROM OPERATIONS		**1,978.20**	2,305.97
Direct Taxes paid	**(451.25)**		(451.97)
Miscellaneous Expenditure	**(0.75)**		(2.36)
Exchange rate difference	**24.90**		(10.71)
		(427.10)	(465.04)
NET CASH FROM OPERATING ACTIVITIES		**1,551.10**	1,840.93
Carried forward		**1551.10**	1840.93

CASH FLOW STATEMENT *(Contd.)*

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
Brought forward		**1551.10**	1840.93
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	**(801.26)**		(796.64)
Sale of Fixed Assets (Net of tax of Rs. 69.97 crores; 31.12.2006 Rs. Nil)	**272.59**		102.33
Investments (Net) (Net of tax of Rs. 62.24 crores; 31.12.2006 Rs. 5.47 crores)	**(725.07)**		(14.77)
Acquisition of subsidiaries net of cash	**(1.83)**		–
Disposal of Subsidiaries / Joint ventures / Associate	**994.35**		71.14
Liquidation of a Subsidiary	**–**		11.02
Loans & Advances (Net)	**–**		0.58
Interest received	**77.24**		32.66
Dividend received	**22.80**		4.59
NET CASH USED IN INVESTING ACTIVITIES		**(161.18)**	(589.09)
C) CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Share Capital including Share premium	**32.29**		48.08
Proceeds from borrowings	**57.68**		816.15
Repayment of borrowings	**(575.32)**		(1,230.27)
Interest and Finance Charges paid	**(34.06)**		(88.68)
Swap interest (Net)	**(15.24)**		(29.98)
Exchange rate difference on borrowings	**–**		(3.95)
Unclaimed sale proceeds of the odd lot shares of erstwhile ACEL and ACRL	**(0.08)**		(0.59)
Subsidy received	**–**		0.30
Dividend paid (including dividend distribution tax)	**(583.08)**		(478.35)
NET CASH USED IN FINANCING ACTIVITIES		**(1,117.81)**	(967.29)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**272.11**	284.55
Cash And Cash Equivalents As At 01.01.2007 (Schedule I)			
Ear marked for specific purpose	**13.55**		10.64
Other Balances	**365.92**		87.24
		379.47	97.88
CASH AND CASH EQUIVALENTS As At 01.07.2005			
Share In Joint Venture		**–**	1.40
Less: Adjustment on cessation of subsidiary		**–**	(15.78)
Add: Cash And Bank Balances taken over on amalgamation with erstwhile INSCL and ACEL		**–**	11.42
CASH AND CASH EQUIVALENTS As At 31.12.2007 (Schedule I)			
Ear marked for specific purpose	**13.83**		13.55
Other Balances	**637.75**		365.92
		651.58	379.47

As per our report of even date

S.R.BATLIBOI & ASSOCIATES
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai, 1st February, 2008

For and on behalf of the Board

B.L. Taparia
Whole-time Director & Company Secretary

David Atkinson
Chief Financial Officer

Suresh Neotia
Chairman

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A.L. Kapur
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Markus Akermann, Rajendra P. Chitale, Shailesh Haribhakti, Nirmalya Kumar, Omkar Goswami – Directors

P. B. Kulkarni, N.P. Ghuwalewala – Whole-time Directors

SCHEDULE 'A' TO 'U'

annexed to and forming part of the consolidated Balance Sheet as at and Consolidated Profit and Loss Account for the year ended 31st December, 2007.

	Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
SCHEDULE 'A' - SHARE CAPITAL			
Authorised :			
250,00,00,000 Equity Shares of Rs. 2 each	**500.00**		500.00
15,00,00,000 Preference Shares of Rs. 10 each	**150.00**		150.00
		650.00	650.00
Issued :			
152,27,10,942 (151,71,64,110) Equity Shares of Rs.2 each fully paid-up		**304.54**	303.43
Subscribed :			
152,23,75,422 (1,51,68,28,590) Equity Shares of Rs. 2 each fully paid-up		**304.48**	303.37
TOTAL		**304.48**	303.37

Notes :

1) Out of above Equity Shares :
   a) 97,31,57,405 Equity Shares of Rs. 2 each have been issued as fully paid-up Bonus Shares by way of capitalisation of Securities Premium Account and Capital Redemption Reserve Account.
   b) 2,47,14,990 Equity Shares of Rs. 2 each fully paid-up have been issued against exercise of Tradable Warrants attached to 18.5% Secured Redeemable Non-Convertible Debentures.
   c) 1,33,12,370 Equity Shares of Rs. 2 each fully paid-up have been allotted to the shareholders of the amalgamating company Ambuja Cement Rajasthan Limited pursuant to the scheme of amalgamation as approved by the Board of Industrial and Financial Reconstruction (BIFR) without payment being received in cash.
   d) 15,39,61,356 Equity Shares of Rs. 2 each fully paid-up issued to the shareholders of the amalgamating company ACEL without payment being received in cash.
2) Outstanding Employee stock options exercisable into 96,92,013 (31.12.2006 82,16,938) Equity Shares of Rs. 2 each fully paid-up. (Refer Note 11)

	Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
SCHEDULE 'B' - RESERVES AND SURPLUS			
Subsidies :			
(a) Cash Subsidies from Government and other authorities :			
As per last Account	**1.83**		1.53
Additions during the year	**–**		0.30
	1.83		1.83
(b) Grant-in-aid Subsidy from DANIDA	**0.12**		0.12
		1.95	1.95
Capital Reserve :			
(a) As per last Account	**132.35**		130.46
Add : Company's share of increase in reserve of associate	**–**		1.64
Add : Transferred on amalgamation of erstwhile ACEL	**–**		0.25
	132.35		132.35
(b) Capital Reserve on Consolidation			
As per last Account	**–**		0.03
Less: Transferred to General Reserve on cessation of subsidiary	**–**		0.03
	–		–
		132.35	132.35
Carried forward		**134.30**	134.30

SCHEDULE 'B' – RESERVES AND SURPLUS *(Contd.)*

	Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
Brought forward		**134.30**	134.30
Capital Redemption Reserve		**9.93**	9.93
Security Premium :			
As per last Account	**1,151.59**		927.52
Additions during the year:			
On exercise of employee stock options	**31.94**		44.77
Transferred on amalgamation of erstwhile ACEL			
Security premium account, balance	–		16.50
Forfeited shares account, balance	–		0.85
Excess of Share Capital of erstwhile ACEL over amount credited by the Company to Share Capital	–		161.95
Others (31.12.2006 Rs.15,250)	–		
		1,183.53	1,151.59
Debenture Redemption Reserve :			
As per last Account	**55.00**		127.05
Less: Transferred to Profit and Loss Account	**30.00**		72.05
		25.00	55.00
Unrealised Gain on Dilution			
Excess of Company's share of networth in Ambuja Cement India Private Ltd. (ACIPL) over the carrying amount			
As per last account	**475.85**		453.01
Add: Unrealised gain on account of increase in reserves of the associate	–		22.84
Add: Profit on sale of investment eliminated earlier, now recognized (Refer Note 9)	**27.40**		–
Less: Transferred to profit on sale of investment pursuant to sale of 22% stake in ACIPL (Refer Note 9)	**317.23**		–
		186.02	475.85
General Reserve :			
As per last Account	**1,245.60**		237.15
Addition during the year:			
MAT credit entitlement of erstwhile ACEL	–		6.97
Transferred from Capital Reserve	–		0.03
Transferred from Reserve Fund in terms of Section 45-IC(1) of Reserve Bank of India Act, 1934 on cessation of subsidiary	–		0.32
Company's share of increase in reserves of associate	–		0.57
Set aside this year	**1,100.00**		1,000.00
	1,100.00		1,007.89
Less:			
Adjustment for employee benefits net of deferred tax (Refer Note 11)	**8.90**		–
Adjustment on account of alignment of accounting policies	–		1.02
	8.90		1.02
		2,336.70	1,244.02
Exchange Fluctuation Reserve on consolidation of overseas subsidiaries		**(4.82)**	(5.59)
Reserve Fund in terms of Section 45-IC(1) of Reserve Bank of India Act, 1934:			
As per last year	–		0.32
Less: Transferred to General Reserve on cessation of Subsidiary	–		0.32
		–	–
Surplus as per Profit and Loss Account		**683.74**	530.59
		4,554.40	3,595.69
Share in Joint Venture		–	1.58
TOTAL		**4,554.40**	3,597.27

	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores

SCHEDULE 'C' – SECURED LOANS

	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
(a) Debentures (Refer Note Below)	**100.00**	**220.00**
(b) From Banks :		
(i) Term Loan (Secured by way of first *pari passu* charge by equitable mortgage of all immovable properties both present and future situated at Darlaghat, in the state of Himachal Pradesh)	**-**	97.77
(ii) Working capital loan (Secured by hypothecation of inventories and book debts)	**8.28**	–
TOTAL	**108.28**	317.77

Notes:

Secured by charge by way of Mortgage of immovable properties at various locations.

SCHEDULE 'D' – UNSECURED LOANS

	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
Loans from Bank :		
Foreign Currency Term Loan from Banks (Due within one year Rs. 78.84 crores; 31.12.2006 – Rs.Nil crores)	**78.84**	442.65
Sales Tax Deferment Loan under Sales Tax Incentive Scheme of various State Governments (Due within one year Rs. 6.80 crores; 31.12.2006 – Rs.3.43 crores)	**151.58**	104.96
TOTAL	**230.42**	547.61

SCHEDULE 'E' – FIXED ASSETS

Rs in Crores

DESCRIPTION	GROSS BLOCK (at Cost)						DEPRECIATION/AMORTISATION						NET BLOCK	
	As at 31.12.06	Addition on acquisition of new subsidiaries	Additions	Deductions/ Transfer	Deduction on Cessation of Subsidiary	As at 31.12.2007	As at 31.12.2006	Addition on acquisition of new subsidiaries	For the year	Deductions/ Transfers	Deduction on Cessation of Subsidiary	Upto 31.12.2007	As at 31.12.2007	As at 31.12.06
Tangible Assets:														
Freehold Land	143.60	**-**	**84.53**	**5.03**	**-**	**223.10**	–	**-**	**-**	**-**	**-**	**-**	**223.10**	143.60
Leasehold Land	23.37	**0.04**	**20.15**	**1.37**	**-**	**42.19**	5.21	**-**	**0.82**	**-**	**-**	**6.03**	**36.16**	18.16
Buildings, Roads and Water Works (a)	546.62	**0.48**	**106.21**	**3.10**	**-**	**650.21**	92.38	**0.11**	**15.31**	**0.69**	**-**	**107.11**	**543.10**	454.24
Marine Structures (c)	95.58	**-**	**0.01**	**-**	**-**	**95.59**	36.80	**-**	**3.83**	**-**	**-**	**40.63**	**54.96**	58.78
Plant and Machinery	3,183.63	**-**	**428.38**	**22.30**	**-**	**3,589.71**	1,669.05	**-**	**176.13**	**11.64**	**-**	**1,833.54**	**1,756.17**	1,514.58
Electrical Installations	257.22	**-**	**61.12**	**1.23**	**-**	**317.11**	112.78	**-**	**14.49**	**1.03**		**126.24**	**190.87**	144.44
Railway Sidings and .... Locomotives (b)	55.84	**-**	**-**	**-**	**-**	**55.84**	23.59	**-**	**2.38**	**-**	**-**	**25.97**	**29.87**	32.25
Railway Wagons given on Lease (d)	6.43	**-**	**-**	**-**	**-**	**6.43**	3.01	**-**	**0.30**	**-**	**-**	**3.31**	**3.12**	3.42
Furniture, Fixtures and Office Equipments	74.91	**-**	**16.71**	**5.20**	**-**	**86.42**	40.64	**-**	**6.92**	**3.93**	**-**	**43.63**	**42.79**	34.27
Ships (d)	112.64	**-**	**-**	**-**	**-**	**112.64**	48.24	**-**	**5.79**	**-**	**-**	**54.03**	**58.61**	64.40
Vehicles	26.80	**-**	**5.63**	**2.68**	**-**	**29.75**	13.63	**-**	**4.09**	**1.61**	**-**	**16.11**	**13.64**	13.17
Power Lines (c)	19.89	**-**	**-**	**-**	**-**	**19.89**	6.00	**-**	**0.57**	**-**	**-**	**6.57**	**13.32**	13.89
Sub Total	4,546.53	**0.52**	**722.74**	**40.91**	**-**	**5,228.88**	2,051.33	**0.11**	**230.63**	**18.90**	**-**	**2,263.17**	**2,965.71**	2,495.20
Intangible Assets:														
Goodwill on Consolidation .	–	**3.90**	**-**	**-**	**-**	**3.90**	–	**-**	**-**	**-**	**-**	**-**	**3.90**	–
Water Drawing Rights	6.16	**-**	**0.01**	**-**	**-**	**6.17**	2.93	**-**	**0.58**	**-**	**-**	**3.51**	**2.66**	3.23
Computer Software	6.49	**-**	**6.39**	**-**	**-**	**12.88**	0.90	**-**	**6.40**	**-**		**7.30**	**5.58**	5.59
Sub Total	12.65	**3.90**	**6.40**	**-**	**-**	**22.95**	3.83	**-**	**6.98**	**-**	**-**	**10.81**	**12.14**	8.82
TOTAL	4,559.18	**4.42**	**729.14**	**40.91**	**-**	**5,251.83**	2,055.16	**0.11**	**237.61**	**18.90**	**-**	**2,273.98**	**2,977.85**	2,504.02
Previous year's Total	3,801.49	552.73	349.72	67.23	77.53	4,559.18	1,479.22	292.07	328.35	29.36	15.12	2,055.16	2,504.02	
Excluding Joint Venture .... –Previous Year	3,798.15	552.73	349.61	67.17	74.14	4,559.18	1,478.07	292.07	328.24	29.32	13.90	2,055.16	2,504.02	

Notes :

(a) Includes :

i) Premises on ownership basis of Rs.11.81 crores (31.12.2006 – Rs.8.13 crores) and cost of shares in Co-operative Societies Rs.11,030/- (31.12.2006 – Rs.13,130/-)

ii) Rs.6.85 crores (31.12.2006 – Rs.6.32 crores), being cost of roads constructed by the Company, ownership of which vests with the Government/Local Authorities and Rs. 0.79 crore (31.12.2006 – Rs. 0.62crore), being the amortisation thereof upto 31st December, 2007.

(b) Includes Rs.1.77 crores (31.12.2006-Rs.1.77 crores), being cost of Railway siding constructed by the Company, ownership of which vests with the Government/Railway Authorities and Rs. 0.79 crore (31.12.2006 – Rs 0.38 crore), being the amortisation thereof upto 31st December, 2007 included in Depreciation.

(c) Cost incurred by the Company, ownership of which vests with the Government Authorities and Board.

(d) Railway wagons given on lease to the Railways under " Own Your Wagon Scheme"

(e) Pursuant to Accounting Standard AS28 "Impairment of assets", there is no impairment of assets.

	Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
SCHEDULE 'F' – INVESTMENTS			
Long Term Investments (at cost) :			
In Fully Paid Shares, Debentures and Bonds, other than Trade			
Unquoted:			
Equity Shares :			
In Associates			
Ambuja Cement India Private Limited, formerly known as Ambuja Cement India Limited		**481.70**	1,283.95
In Others	**120.39**		99.08
In Public Sector Bonds	**29.60**		29.60
		149.99	128.68
		631.69	1,412.63
Current Investment:			
Quoted			
In Debentures		**54.33**	58.94
Unquoted:			
In Units of Mutual Fund		**794.34**	58.50
TOTAL		**1,480.36**	1,530.07
SCHEDULE 'G' – INVENTORIES			
(At cost or net realisable value whichever is lower)			
Coal, Fuel, Packing Materials, Stores and Spare parts (Including in transit - Rs. 28.52 crores; 31.12.2006 - Rs.12.27 crores)		**391.02**	277.61
Stock-in-trade :			
Raw Materials (Including in transit Rs 6.51 crores; 31.12.2006 Rs. 0.93 crore)	**52.82**		44.92
Materials-in-process	**85.94**		45.85
Finished goods	**55.12**		46.39
		193.88	137.16
Construction Scrap, at estimated realisable value		**0.30**	0.30
Scrapped assets awaiting disposal, at estimated realisable value		**1.07**	0.66
TOTAL		**586.27**	415.73
SCHEDULE 'H' – SUNDRY DEBTORS (Unsecured)			
Over six months:			
Good		**1.00**	1.69
Doubtful	**10.54**		10.56
Less : Provision	**10.54**		10.56
		–	–
		1.00	1.69
Others, Good		**134.38**	80.90
TOTAL		**135.38**	82.59
SCHEDULE 'I' – CASH AND BANK BALANCES			
Cash on hand		**0.36**	0.31
Cheques on hand with Banks as Collecting Agency in terms of an arrangement		**39.71**	37.96
Bank Balances:			
With Scheduled Banks :			
In Current Account	**75.52**		135.36
In Fixed Deposits			
Deposit Receipt of Rs. 2.04 crores (31.12.2006 - Rs. 2.04 crores) deposited with Government Department as security deposit and Rs. 0.02 crore (31.12.2006 - Rs.0.02 crore) deposited with banks as security deposit for guarantees (including accrued interest Rs.0.03 crore (31.12.2006 - Rs.0.03 crore)	**535.99**		205.84
		611.51	341.20
TOTAL		**651.58**	379.47

	Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
SCHEDULE 'J' - OTHER CURRENT ASSETS			
Interest Receivable on Investments		**3.49**	3.78
Other Interest receivable		**0.38**	1.23
Sundry Receivables		**1.44**	0.75
TOTAL		**5.31**	5.76
SCHEDULE 'K' - LOANS AND ADVANCES			
(Unsecured Good, unless otherwise stated)			
Advances recoverable in cash or kind or for value to be received			
Good	**164.99**		126.70
Doubtful	**8.03**		5.84
Less : Provision	**8.03**		5.84
	–		–
		164.99	126.70
Deposits		**25.01**	21.56
Balance with Central Excise, Customs, Port Trusts, etc.		**15.18**	8.22
Tax Paid in Advance, including MAT credit entitlement Rs. Nil crores; (31.12.2006 - Rs.68.97 crores), net of provision		**–**	138.83
TOTAL		**205.18**	295.31
SCHEDULE 'L' - CURRENT LIABILITIES AND PROVISIONS			
LIABILITIES			
Sundry Creditors :			
Due to Small Scale Industrial Undertakings	**0.20**		–
Others	**576.47**		444.84
		576.67	444.84
Investor Education and Protection Fund shall be credited by the following (See note below) *:			
Unclaimed Dividends	**10.76**		10.41
Unclaimed Application money on securities	**0.01**		0.01
Unclaimed Interest (Rs.9,439/-)			
Unclaimed sale proceeds of the odd lot shares belonging to the Shareholders of erstwhile ACEL and ACRL	**3.06**		3.14
		13.83	13.56
Security Deposits		**82.08**	61.47
Interest accrued but not due on loans		**5.67**	16.19
		678.25	536.06
PROVISIONS			
Provision for wealth tax, net of advances		**0.51**	0.45
Provision for fringe benefit tax, net of advances		**0.01**	0.89
Proposed Dividend		**152.24**	121.35
Provision for Dividend Distribution Tax		**25.87**	17.02
Provision for gratuity and staff benefit scheme		**4.59**	5.77
Compensated absence		**32.36**	16.18
Provision for mines reclamation expenses (Refer Note 1(B) (i))		**8.15**	7.02
Provision for Income tax, net of payments		**266.31**	–
		490.04	168.68
TOTAL		**1,168.29**	704.74

* Note: Amounts to be transferred to said fund shall be determined on the respective due dates.

	Rs. in Crores	As at 31.12.2007 Rs. in Crores	As at 31.12.2006 Rs. in Crores
SCHEDULE 'M' - MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Project Development and Feasibility Report Expenses, etc.		**1.83**	1.03
Quarry/Mines Development Expenses		**3.89**	4.41
Unexpired premium on pre payment of terms loans		**0.39**	0.87
Unexpired arrangement fees		**0.11**	1.40
TOTAL		**6.22**	7.71

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
SCHEDULE 'N' – OTHER INCOME			
Insurance Claims		**4.66**	2.05
Dividend:			
From Long-term Investments	**–**		0.44
From Current Investments	**22.80**		3.66
		22.80	4.10
Profit/(Loss) on Sale of Current Investments (net)		**23.54**	8.98
Interest Income : (Gross; Tax deducted Rs. 10.54 crores; Previous year Rs. 2.78 crores)			
On Debenture & Bonds	**5.05**		7.90
On Fixed Deposits	**54.59**		8.52
Others	**16.46**		19.80
		76.10	36.22
Export incentive for earlier year		**–**	5.89
Miscellaneous Income (Gross: Tax deducted Rs. 0.19 crore; 31.12.2006 – Rs. 0.19 crore)		**23.73**	29.94
Surplus on Sale of Assets		**2.10**	9.55
Sundry Credit Balances Appropriated		**0.54**	0.78
Provisions no longer required		**6.54**	9.41
		160.01	106.92
Exchange Rate Difference (net)		**33.82**	(15.03)
		193.83	91.89
Share in Joint Venture		**–**	3.02
TOTAL		**193.83**	94.91

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
SCHEDULE 'O' – MANUFACTURING AND OPERATING EXPENSES			
Raw Materials Consumed :			
Clinker Purchased	**138.28**		52.42
Food and Beverage	**–**		0.69
Others	**344.85**		331.15
		483.13	384.26
Freight and Handling Charges on interunit material transfer		**162.69**	193.31
Royalty and Cess		**74.69**	111.85
Stores and Spares Consumed		**155.85**	203.41
Packing Materials Consumed		**184.29**	235.78
Power and Fuel		**1,004.66**	1,241.21
Mines reclamation expenses		**2.96**	4.26
Repairs and Maintenance :			
Buildings	**13.85**		19.81
Machinery	**47.39**		67.69
Others	**7.89**		10.51
		69.13	98.01
Excise duty:			
On captive consumption of clinker		**31.40**	54.68
Other		**0.08**	0.43
		2,168.88	2,527.20
Share in Joint Venture		**–**	13.51
		2,168.88	2,540.71

SCHEDULE 'P' – VARIATION IN STOCKS

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
CLOSING STOCKS :			
Materials-in-process	**85.94**		45.85
Work-in-progress	**–**		4.24
Finished goods	**54.87**		44.92
Equity Shares	**–**		0.02
		140.81	95.03
OPENING STOCKS :			
Materials-in-process	**45.85**		49.76
Work-in-progress	**–**		4.24
Finished goods	**44.92**		39.71
Equity Shares	**–**		0.01
	90.77		93.72
Stock of erstwhile ACEL as on 01.01.2006			
Material-in-process	**–**		11.89
Finished goods	**–**		8.08
	–		19.97
		90.77	113.69
		(50.04)	18.66
LIMESTONE :			
Closing Stock	**23.74**		18.22
Opening Stock	**18.22**		8.23
		(5.52)	(9.99)
		(55.56)	8.67
Less: Excise duty variation on opening / closing stock		**1.97**	(0.98)
Less: TRIAL RUN STOCKS			
At the commencement of commercial production of Farakka & Roorkee unit		**1.71**	–
		(51.88)	7.69
Share in Joint Venture		**–**	(8.50)
(Increase)/Decrease in Stocks		**(51.88)**	(0.81)

SCHEDULE 'Q' – EMPLOYEES' COST

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
Employees' Remuneration and Benefits :			
Salaries, Wages, Bonus, Allowances, etc.	**171.79**		175.76
Contribution to Provident and other Funds	**23.61**		29.16
Welfare Expenses	**9.52**		11.09
	204.92		216.01
Add : Employee compensation expenses under Employee Stock Option Scheme	**–**		1.47
		204.92	217.48
Commission to Managing Director and Wholetime Directors		**5.88**	20.38
Share in Joint Venture		**–**	1.04
TOTAL		**210.80**	238.90

	Rs. in Crores	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
SCHEDULE 'R' – ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
Rent		**9.54**	11.06
Rates and Taxes		**2.66**	3.49
Insurance		**13.07**	19.85
Advertisement and Publicity		**41.84**	49.14
Freight and Forwarding charges [Including Rs. 10.11 crores on Export (Previous Year - Rs. 9.17 crores)]		**1,001.39**	1,069.04
Commission on Sale		**10.48**	17.20
Discount on Sales		**71.06**	50.16
Selling and Distribution Expenses		**102.27**	87.94
Turnover Tax, Additional Tax and Purchase Tax		**9.08**	6.59
Miscellaneous Expenses		**146.02**	134.37
Directors' Fees and Expenses		**0.22**	0.27
Commission to Directors		**0.84**	1.11
Loss on Assets sold, scrapped or discarded and written off		**6.91**	12.10
Abandoned Capital Project		**2.54**	2.40
Donations		**14.45**	15.76
Bad Debts, Sundry Debit Balances and Claims written off		**1.89**	6.67
Provision for doubtful advances		**2.44**	0.05
Provision for diminution in value of Investment		**1.00**	–
Part of Deferred Revenue expenditure, written off		**0.47**	1.07
Expenses relating to Previous Years		**–**	0.04
Wealth Tax		**0.24**	0.38
		1,438.41	1,488.69
Share in Joint Venture		**–**	1.66
TOTAL		**1,438.41**	1,490.35
SCHEDULE 'S' - INTEREST AND FINANCE CHARGES			
Interest :			
On Debentures and Bonds	**7.75**		41.83
On Fixed Loans (Net of surplus on interest swap Rs. 8.10 crores; Previous Year-Rs. 34.68 crores)	**18.24**		60.92
Others	**53.74**		16.78
		79.73	119.53
Unexpired Premium on prepayment of term loan amortised		**0.49**	1.60
Finance Charges		**1.69**	5.55
		81.91	126.68
Less: Capitalised during the year		**(4.82)**	(10.13)
		77.09	116.55
Share in Joint Venture		**–**	(0.18)
TOTAL		**77.09**	116.37
SCHEDULE 'T' - EXCEPTIONAL ITEMS			
Profit on sale of Subsidiary/Joint Venture/Associates		**470.16**	26.63
Profit on sale of property		**325.36**	4.15
		795.52	30.78

SCHEDULE 'U' – CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS

1. (A) Basis of preparation of financial statements :

(i) The financial statements of Ambuja Cements Limited ('the Company'), its Subsidiary Companies, Associates and Joint Ventures, (the Group) have been prepared in compliance with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.

(ii) The financial statements are based on historical cost convention and are prepared on accrual basis.

1. (B) Significant accounting policies :

(a) Principles of Consolidation:

(i) The consolidated financial statements of the Group have been prepared on the following basis:

a) The consolidated financial statements of the Group are prepared in accordance with Accounting Standard - 21 "Consolidated Financial Statements", Accounting Standard - 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard - 27 "Financial Reporting of Interests in Joint Ventures" issued by ICAI.

b) The financial statements of the Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or unrealised cash losses.

c) The Financial Statements of the Company and its Joint Ventures have been consolidated using the proportionate consolidation method.

d) Investments in the Associates have been accounted as per the equity method as prescribed in Accounting Standard - 23. In applying the equity method, the consolidated financial statements of the associates are used.

e) In cases where the financial year of Subsidiary Companies, Associates and Joint Ventures is different from that of the Company, the financial statements of the said companies have been drawn up so as to be aligned with the financial year of the Company.

f) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements.

g) The excess of cost of investment in the Subsidiary Companies over the company's portion of equity of the subsidiary at the date of investment made is recognised in the financial statements as goodwill. This goodwill is tested for impairment at the close of each financial year. The excess of Company's portion of equity of the Subsidiary over the cost of the investment therein is treated as Capital Reserve.

h) The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself. Gains and losses arising from monetary items are recognised in the Profit and Loss Account. For non-integral foreign operation, the assets and liabilities are translated at the closing rate. Income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions and all resulting exchange differences are accumulated in a foreign currency translation reserve on consolidation until the disposal of the net investment.

(ii) Companies considered in the consolidated financial statements are :

Name of the Company	Country of Incorporation	Holding as on 31.12.2007	Financial Year ends on
a) Subsidiary			
Ceylon Ambuja Cements (Private) Limited	Sri Lanka	100.00%	31.12.2007
Kakinada Cements Limited	India	100.00%	31.12.2007
M.G.T Cements Private Limited	India	100.00%	31.12.2007
Chemical Limes Mundwa Private Limited	India	100.00%	31.12.2007
b) Sub-subsidiary			
Midigama Cements (Private) Limited	Sri Lanka	99.99%	31.12.2007
c) Associates			
Ambuja Cement India Private Limited, (Formerly Ambuja Cement India Limited)	India	33.00%	31.12.2007

1. (B) Significant Accounting Policies (contd.):

(b) Other Accounting Policies :

(a) Fixed Assets:

(i) Fixed Assets are stated at their original cost of acquisition/installation (net of Modvat/Cenvat credit availed), net of accumulated depreciation, amortization and impairment losses, except freehold land which is carried at cost.

(ii) Capital work in progress is stated at the amount expended upto the date of Balance Sheet.

(iii) Machinery spares which can be used only in connection with a particular item of fixed asset and the use of which is irregular, are capitalised at cost net of Modvat/Cenvat.

(iv) Expenditure during construction period (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses, pending allocation to the assets, and are included under "Capital Work in Progress". These expenses are apportioned to fixed assets on commencement of commercial production.

(b) Depreciation and Amortization :

I. Tangible Assets :

(i) Premium on leasehold land is amortized over the period of lease.

(ii) Depreciation on all assets, other than Vehicles, is provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, and on Vehicles on the "Written Down Value Method" in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. Continuous process plants, are identified based on a technical assessment and depreciated at the specified rate as per Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on a pro-rata basis from the month of acquisition or installation, and in the case of a new project, the same is provided on a pro-rata basis from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the month in which the said asset is sold, discarded, demolished or scrapped. In respect of an asset for which impairment loss is recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(iii) Machinery spares which are capitalised are depreciated over the useful life of the related fixed asset. The written down value of such spares is charged to the Profit and Loss Account, on issue for consumption.

(iv) The cost of fixed assets, constructed by the Company, but ownership of which belongs to Government/Local Authorities, is amortized at the rate of depreciation specified in Schedule XIV to the Companies Act, 1956.

(v) Expenditure on Power Lines, ownership of which belongs to the State Electricity Boards, is amortized over the period as permitted in the Electricity Supply Act, 1948.

(vi) Expenditure on Marine Structures, ownership of which belongs to the Maritime Boards, is amortized over the period of agreement.

II. Intangible Assets :

(i) Expenditure to acquire Water Drawing Rights from Government/Local Authorities/other parties, is amortized over the period of rights to use the facilities ranging from 10 to 30 years.

(ii) Expenditure on computer software is amortised over the period of expected benefit not exceeding five years.

(c) Impairment of Assets :

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

(d) Investments :

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of the investments. Investments other than long-term investments being current investments are valued at cost or fair value whichever is lower, determined on an individual basis.

(e) Inventories :

(i) Coal, Fuel, Packing Materials and Stores & Spare Parts are valued at cost determined on weighted average basis or net realisable value, whichever is lower.

(ii) Raw Materials are valued at cost or net realisable value whichever is lower. Cost is determined on weighted average basis.

(iii) Materials-in-process are valued at cost or net realisable value, whichever is lower. (*)

(iv) Finished Goods are valued at cost or net realisable value, whichever is lower, including excise duty.(*)

(v) Trial Run Inventories are valued at cost or net realisable value, whichever is lower.(*)

(*) Cost is arrived at on full absorption basis as per Accounting Standard AS 2 - "Valuation of Inventories".

(f) Provisions/Contingencies :

A provision is recognised for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. A contingent liability is disclosed, unless the possibility of an outflow of resources is remote.

(g) Foreign Currency Conversion :

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(h) Revenue recognition :

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of dates of Bill of Lading. Sales are disclosed net of sales tax, discounts and returns, as applicable. Sales excludes self consumption of cement.

(ii) Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under Duty Exemption Scheme" is accounted in the year of export.

(iii) Sales include the amount of Sales Tax/VAT remission entitlement due in accordance with the respective incentive schemes.

(iv) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognised when right to receive the payment is established by the balance sheet date.

(i) Mines Reclamation Expenditure :

The Company provides for the expenditure to reclaim the quarries used for mining. The total estimate of reclamation expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted during the year.

Mines reclamation expenditure is incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure.

(j) Employee Benefits

(i) Defined Contribution Plan

Employee benefits in the form of Superannuation Fund, ESIC and Labour Welfare Fund are considered as defined contribution plan and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

(ii) Defined Benefit Plan

Retirement benefits in the form of Gratuity, Shipping staff gratuity, Post retirement medical benefit and Death & Disability benefit are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the balance sheet.

(iii) Other long term benefits

Long term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the balance sheet.

Actuarial gain/losses , if any, are immediately recognised in the Profit and Loss Account.

(k) Miscellaneous Expenditure :

Expenses included under the head 'Miscellaneous Expenditure' are amortized over the period of estimated future benefits.

(l) Discount on Equity Shares, under the Employee Stock Option Scheme, is amortized in accordance with Securities and Exchange Board of India (SEBI) Guidelines.

(m) Borrowing Costs and Share Issue Expenses :

(i) Share issue expenses for specific projects and borrowing cost attributable to acquisition and construction of assets are capitalised as part of the cost of such assets upto the date when such assets are ready for intended use.

(ii) Expenses on other issue of Shares, Debentures and Bonds as well as Premium on Redemption of Debentures are adjusted to Securities Premium Account in accordance with Section 78 of the Companies Act, 1956.

(iii) Borrowing cost such as discount or premium and ancillary costs in connection with arrangement of borrowings excluding debenture and bonds, are amortised over the period of borrowings.

(iv) Other borrowing costs are charged as expense in the year in which these are incurred.

(n) Taxation :

Tax expense comprises of current, deferred and fringe benefit taxes. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realised in future whereas in case of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation backed by convincing evidence. Deferred Tax Assets are reviewed at each balance sheet date.

(o) Cash and cash equivalents in the Balance Sheet comprise cash at bank including fixed deposits, cheques in hand and cash in hand.

	31.12.2007 Rs. in Crores	31.12.2006 Rs. in Crores
2. (a) Contingent liabilities not provided for in respect of :		
(i) Claims against the Company not acknowledged as debts		
(a) For acquisition of land	**28.61**	32.78
(b) Disputed liability relating to labour matters - pending in Courts ..	**23.69**	19.88
(c) For Non Agriculture Assessment Tax	**2.65**	2.65
(d) Others	**18.26**	11.54
(ii) Tax matters :		
(a) Disputed liability in respect of Income-tax demands (including interest) matters under appeal	**16.37**	19.55
b) Disputed Sales tax demand (including interest and penalty) - matters under appeal (Deposit with Sales Tax Department Nil; Previous Year Rs. 0.05 crore)	**10.43**	10.53
(c) Disputed Excise demands - matters under appeal (Deposit with Excise Department Rs.0.40 crore, Previous Year Rs.0.19 crore) ..	**10.06**	9.95
(d) Disputed Customs demands - matters under appeal	**1.74**	0.86
(e) Disputed liabilities of RTO Tax on Mining Machinery	**0.62**	0.62
(iii) Disputed liabilities relating to Railway Freight on Cement - matter once decided in favour of the Company by the Honourable High Court of Gujarat was remanded back by the Honourable Supreme Court pursuant to an Special Leave Petition filed by the railways.	**5.51**	5.51
(iv) Disputed liabilities relating to Coal claims- matters pending in the Honourable High Court:		
(a) Railway Freight on Coal	**1.49**	1.49
(b) Penal Freight on Excess Weight of Coal	**0.24**	0.24
(c) Interest on Premium on Coal	**3.29**	3.29

In respect of items above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements/decisions pending at various forums/authorities.

(b) The Honourable High Court of Himachal Pradesh has passed an order in favour of the Company for its claim in respect of power subsidy in the form of Power Tariff Freeze (PTF) and Peak Load Exemption Charges (PLEC). Against this, Government of Himachal Pradesh on 1st May, 2004 has issued 296 5.13% H P Infrastructure Development Bonds of face value of Rs.10 lacs each, having a value of Rs.29.60 crores redeemable after 10 years and balance of Rs.0.08 crore is refunded to the Company.

The Government of Himachal Pradesh has filed Special Leave Petition in the Honourable Supreme Court against the decision of the Honourable High Court of Himachal Pradesh. The Company has given an undertaking to refund Rs.29.68 crores paid by the State Government together with interest thereon upto the date of final judgement in time bound manner, in the event that the matter is decided against the Company.

(c) The Government of Rajasthan has granted 75% exemption from Sales Tax in respect of Rabriyawas unit. However, the eligibility of exemption in excess of 25% has been contested by the State Government in a similar matter of another Company and the matter is pending before the Honourable Supreme Court. The Company has given an undertaking to the Government of Rajasthan that the Company will deposit the differential amount of Sales Tax, in case the Supreme Court's decision goes against in the matter referred above.	**82.16**	82.16
(d) Writ petition filed by erstwhile ACEL against the order of Madhya Pradesh State Mining Department demanding Rs. 4.76 crores towards payment of additional royalty on limestone based on the ratio of 1.6 tonnes of limestone to 1 tonne of cement produced at its factory in Chhattisgarh. The matter is now pending before Honourable High Court at Bilaspur.	**38.54**	32.34
3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	**949.82**	387.82

4. Segment reporting :

In the current year the Company has only one business segment 'Cement' as primary segment. During the previous year, the Company has sold its shareholding in certain subsidiaries, joint ventures and an associate engaged in construction, hotel and finance activity which constituted "Others" segment. In the previous year, segments have been identified and reported taking into account nature of products and services, and the differing risks and returns. The Company's reportable segment is only "Cement". The accounting policies adopted for segment reporting are as under:

(a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

(b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investment, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Information on segments:

(i) Primary Segments (Business Segments)

	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
Segment Revenue		
a. Cement	**5,792.08**	6,379.03
b. Others	**–**	14.10
TOTAL	**5,792.08**	6,393.13
Net sales/income from operations	**5,792.08**	6,393.13
Segment Results Profit(+)/loss(-) before tax and interest from each segment)		
a. Cement	**1,845.62**	1,835.75
b. Others	**–**	4.24
Carried forward	**1,845.62**	1,839.99

	2007 (12 Months) Rs. in Crores	2005-2006 (18 Months) Rs. in Crores
Brought forward	**1,845.62**	1,839.99
Less: Interest	**0.99**	80.79
Other un-allocable expenditure net off un-allocable income.	**(944.73)**	(245.29)
Total Profit Before Tax	**2,789.36**	2,004.49
Capital Employed (Segment assets – Segment Liabilities)		
a. Cement	**5,258.86**	3,542.96
c. Unallocated	**481.70**	1,600.77
TOTAL	**5,740.56**	5,143.73
(ii) Secondary Segments (Geographical Segments):		
(a) Revenue		
Sales & Services : (Net of Excise Duty)		
Within India	**5,190.23**	5,767.78
Outside India	**601.85**	625.35
TOTAL	**5,792.08**	6,393.13
(b) Assets		
Within India	**5,700.17**	5,122.34
Outside India	**40.39**	21.39
TOTAL	**5,740.56**	5,143.73
Cost incurred during the year to acquire tangible and intangible fixed assets.		
Within India	**732.37**	348.29
Outside India	**1.19**	1.43
TOTAl	**733.56**	349.72

5. Related Party Disclosures :

a) List of Related Parties and relationships

	Party	**Relation**
A	Ambuja Cement Eastern Ltd.	– (Previous year Merged with effect from 01.01.2006)
	ICAN Securities & Research Ltd.	– (Previous year Associate upto 30.01.2006)
	Bengal Ambuja Housing Development Ltd.	– (Previous year Joint Venture upto 30.01.2006)
	Bengal Ambuja Metro Development Ltd.	– (Previous year Joint Venture upto 30.01.2006)
B	**Key Management Personnel**	
	Mr. N. S. Sekhsaria	Vice Chairman - (Previous year - Managing Director upto 30.01.2006)
	Mr. Anil Singhvi	Managing Director upto 30.04.2007 (Previous year Whole-time Director upto 30.01.2006)
	Mr. P. N. Sekhsaria	– (Previous year Whole-time Director upto 30.01.2006)
	Mr. A. L. Kapur	Managing Director from 01.05.2007 (Whole-time Director upto 30.04.2007)
	Mr. P. B. Kulkarni	Whole-time Director
	Mr. N. P. Ghuwalewala	Whole-time Director
	Mr. B. L. Taparia	Whole-time Director and Company Secretary

	Party	Relation
	Mr. H. V. Neotia	– (Previous year Managing Director - erstwhile Ambuja Cement Eastern Ltd upto 31.03.2006)
	Mr. S. N. Toshniwal	– (Previous year President (Commercial) & Manager - erstwhile Ambuja Cement Eastern Ltd. (from 03.05.2006 to 05.12.2006))
C	**Relatives of Key Management Personnel**	
	Mr. Ajay Kapur	Son of Mr. A. L. Kapur
	Mr. Milind Kulkarni (upto 08.08.2007)	Son of Mr. P. B. Kulkarni
D	**Enterprises over which significant influence** exercised by	
	(A) Directors	
	Radha Madhav Investments Ltd.	Mr. N. S. Sekhsaria - Vice Chairman (Previous year Managing Director till 30.01.2006)
	Satyanarayan Sekhsaria Pvt. Ltd.	Mr. N. S. Sekhsaria - Vice Chairman (Previous year Managing Director till 30.01.2006)
	GACL Finance Ltd.	Mr. N. S. Sekhsaria - Vice Chairman (Previous year Managing Director till 30.01.2006)
	Radha Krishna Bimalkumar Pvt. Ltd.	Mr. Suresh Neotia - Chairman
	Ambuja Housing & Urban Infrastructure Co. Ltd.	Mr. Suresh Neotia - Chairman
	Pathfinder Advisors Pvt. Ltd. (Formerly Suryajyoti Finvest Pvt. Ltd.)	Mr. Anil Singhvi - Managing Director upto 30.04.2007 (Previous year Whole-time Director till 30.01.2006)
	(B) Relative of Key Management Personnel	
	Salaam Bombay Foundation	Mrs. Padmini Somani, daughter of Mr. N. S. Sekhsaria is a Director of the Foundation
	(C) Major Shareholders (with effect from 03.05.2006)	
	Holderind Investments Ltd., Mauritius	Major Shareholder
	Holcim CTC Trading Co.	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	Holcim Trading Pte Ltd. Singapore	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	Holcim Group Supports Ltd.	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	ACC Ltd.	Associate of Holderind Investments Ltd., Mauritius
	ACC Machinery Company Ltd.	Wholly Owned Subsidiary of ACC Ltd.
	ACC Nihon Casting Ltd.	Wholly Owned Subsidiary of ACC Ltd.
	Ambuja Cement India Private Ltd.	Subsidiary of Holderind Investments Ltd., Mauritius (Associate upto 30.04.2007)
	Holcim Trading FZCO,Dubai	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	Holcim Services (Asia) Ltd	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	Holcim Services (South Asia) Ltd.	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	Siam City Cement, Thailand	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	Holcim Lanka Ltd.	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
	Holcim Ltd.	Ultimate parent company of Holderind Investments Ltd., Mauritius

(Rs. in Crores)

	Transactions	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which significant influence exercised by Directors, Key Management Personnel & Major Shareholder
I.	**Transactions during the period**				
	Purchase of Goods	–	–	–	139.01
		(63.46)	(–)	(–)	(5.26)
	Sale of Goods	–	–	–	211.79
		(3.09)	(–)	(–)	(57.31)
	Purchase of Fixed Assets	–	–	–	34.13
		(4.98)	(–)	(–)	(–)
	Sale of Fixed Assets	–	–	–	1.05
		(0.03)	(–)	(–)	(16.57)
	Sale of Investments	–	–	–	1,061.52
		(–)	(–)	(–)	(72.03)
	Rendering of Services	–	–	–	–
		(0.41)	(–)	(–)	(–)
	Receiving of Services	–	–	–	0.98
		(0.01)	(–)	(–)	(–)
	Interest Received	–	–	–	–
		(0.21)	(–)	(–)	(–)
	Interest Paid	–	–	–	–
		(–)	(–)	(–)	(–)
	Investment written off	–	–	–	–
		(–)	(–)	(–)	(–)
	Remuneration	–	13.66	0.35	–
		(–)	(27.04)	(0.50)	(–)
	Dividends received	–	–	–	Rs.4,250
		(0.43)	(–)	(–)	(–)
	Royalty received	–	–	–	–
		(–)	(–)	(–)	(–)
	Other recoveries	–	–	–	–
		(0.02)	(–)	(–)	(–)
	Others	–	–	–	22.09
		(0.22)	(–)	(–)	(1.73)
	Equity contribution	–	–	–	–
		(–)	(–)	(–)	(–)
	Loans given	–	–	–	–
		(–)	(–)	(–)	(–)
	Loans given repaid	–	–	–	–
		(–)	(–)	(–)	(–)
II.	**Amounts Outstanding as at Balance Sheet date**				
	Loans given Outstanding	–	–	–	–
		(–)	(–)	(–)	(–)
	Amounts receivable	–	–	–	32.11
		(0.54)	(–)	(–)	(11.28)
	Amounts payable	–	–	–	14.32
		(0.71)	(–)	(–)	(1.12)

III. Notes :

1. Related Party relationship is as identified by the Company on the basis of available information.
2. No amount has been written off or written back during the year in respect of debts due from or to related parties.
3. Figures for the previous year have been given in brackets.

b) Disclosures required for related parties transactions

Details of material related party transactions [included in b]

(Rs. Crores)

	Enterprises Over which significant influence is exercised by Directors, Key Management personnel and major shareholder															
	Radha Madhav Investment Ltd.	Radha Krishna Bimal-kumar Pvt. Ltd.	Satya-narayan Sekhsaria Pvt. Ltd.	ACC Ltd.	Ambuja Cement India P. Ltd.	GACL Finance Ltd.	Path-finder Advisors Pvt. Ltd. (formerly Suryajyoti Finvest Pvt. Ltd.)	Ambuja Housing Urban Infra-structure Co. Ltd. (Subsi-diary upto 30.01.06)	Holcim & CTC Trading Co.	Holcim Trading Pte. Ltd. Thailand	Holcim Trading Pte. Ltd. Singapore	Holcim Services (South Asia) Ltd.	Holcim Trading FZCO, Dubai	Holcim Group Supports Ltd.	Holcim Lanka Ltd.	Holdrind Invest-ment Ltd.
Purchase of Goods	– (–)	– (–)	– (–)	80.33 (63.45)	– (–)	– (–)	– (–)	– (–)	– (–)	– (5.26)	29.85 (–)	– (–)	25.52 (–)	0.12 (–)	3.19 (–)	– (–)
Purchase of Fixed Assets	– (–)	– (–)	– (–)	5.32 (–)	28.81 (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	2.84 (–)	– (–)
Sale of Goods	– (–)	– (–)	– (–)	14.60 (30.84)	– (–)	– (–)	– (–)	– (–)	194.35 (57.31)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Sale of Investments	– (8.00)	– (10.00)	– (–)	– (–)	– (–)	– (–)	– (0.90)	– (53.13)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	1,061.52 (–)
Sale of Fixed Assets	(–) (0.17)	1.05 (0.09)	– (0.30)	– (–)	– (–)	– (10.08)	– (–)	– (5.93)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Interest Received	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Dividends Received	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Royalty Received	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Equity contribution	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	(–) (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Investment written off	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Other Payments	– (–)	– (–)	– (–)	0.04 (–)	7.69 (–)	1.08 (–)	– (–)	– (–)	2.81 (–)	– (–)	– (–)	3.98 (–)	– (–)	5.45 (–)	– (–)	– (–)
Loans given	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Loans given repaid	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)

	2007 (12 months) Rs. in Crores	2005-2006 (18 months) Rs. in Crores
6. Earnings per Share (EPS) :		
(i) Profit attributable to Equity Shareholders for Basic EPS		
Profit after tax	**1,846.31**	1,665.06
Less: Preference Dividend to outsiders	**–**	0.26
Less: Minority Interest	**–**	0.37
	1,846.31	1,664.43
Add: Profit of erstwhile ACEL upto 31st December, 2005	**–**	24.95
	1,846.31	1,689.38
(ii) Profit attributable to Equity Shareholders for Diluted EPS	**1,846.31**	1,689.38
	Nos.	Nos.
(iii) Weighted average number of shares for Basic EPS		
Number of Equity Shares as on date of ACL	**1,520,262,996**	1,458,296,460
Number of Equity Shares as on 31st December, 2005 of erstwhile ACEL	**–**	51,600,892
	1,520,262,996	1,509,897,352
(iv) Weighted average number of shares for Diluted EPS		
Number of Equity Shares as on date of ACL	**1,520,262,996**	1,458,296,460
Number of Equity Shares as on 31st December, 2005 of erstwhile ACEL	**–**	51,600,892
	1,520,262,996	1,509,897,352
Add: Potential Equity Shares on exercise of options of ESOS	**2,957,963**	4,338,919
Add: Potential Equity Shares on exercise of Rights & Warrants kept in abeyance out of the rights Issue in 1992	**269,898**	258,097
Weighted average number of shares for Diluted EPS	**1,523,490,857**	1,514,494,368
	Rs.	Rs.
(v) Nominal Value of Shares	**2.00**	2.00
(vi) Earnings Per Share :		
Basic	**12.14**	11.19
Diluted	**12.12**	11.15
7. Deferred Tax		
Break up of Deferred Tax Assets & Liabilities is as under:		
Deferred Tax Liabilities, on account of :		
Depreciation	**406.16**	395.72
Deferred Revenue Expenditure	**–**	0.43
TOTAL	**406.16**	396.15
Deferred Tax Assets, on account of :		
Employee benefits	**13.47**	6.34
Provision for diminution in value of Investment	**6.69**	–
Others	**7.62**	5.95
TOTAL	**27.78**	12.29
Net Deferred Tax (Assets) / Liability	**378.38**	383.86*

* After adjusting net deferred tax assets of erstwhile ACEL taken over on amalgamation Rs.0.30 crore.

SCHEDULE 'U' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

8. Capital Work in Progress includes (a) Machinery in Transit Rs.2.94 crores (31.12.2006 - Rs.4.07 crores) and expenditure during construction for project Rs. 41.17 crore (31.12.2006 - Rs.28.85 crore).

9. The Company has a Put and Call Option Agreement with Holcim Mauritius with respect to its shareholding in ACIPL. As per this agreement, the Company has a right to put all or part of the shares held by it to Holcim Mauritius on or anytime after 30th June, 2005. As per the said agreement, the Company during the year has sold 19,07,50,000 equity shares representing 22% stake for a consideration of Rs.1,061.52 crores at a profit of Rs.490.08 crores and the balance 9,53,70,000 equity shares will be sold on 30th April, 2008 for a consideration of Rs.588.91 crores. Consequently ACIPL ceases to be an associate of the Company and the carrying amount of investment in ACIPL as at 30th April, 2007 is regarded as cost and is accounted for in accordance with Accounting Standard - 13 "Accounting for investment"

   Pursuant to 22% stake sale in ACIPL, the unrealised gain on dilution of shareholding in ACIPL has been proportionately recognised in the Profit & Loss Account. Further the profit of Rs. 27.40 crores on account of sale of investment to ACIPL eliminated earlier in the consolidated financial statement in accordance with Accounting Standard 23, has now been recognised in the "Unrealised gain on dilution account".

10. Employee Defined Benefits:

   (a) Defined Contribution Plans -

   The Company has recognised an expense of Rs.3.32 crores. (Previous year Rs.3.98 crores) towards the defined contribution plans.

   (b) Defined Benefit Plans - As per Acturial Valuation on December 31, 2007.

(Rs. in Crores)

	Particulars	Gratuity		Death and Disability Scheme (Shipping Staff)	Post Retirement Medical Benefits (PRMB)
		Funded	Other		
I	Expense recognised in the Statement of Profit & Loss Account for the year ended December 31, 2007				
	1. Current Service Cost	2.38	0.09	0.07	0.10
	2. Interest Cost	1.89	0.06	0.03	0.09
	3. Employee Contributions	–	–	–	–
	4. Expected Return on Plan Assets	(1.82)	–	–	–
	5. Actuarial (Gains) / Losses	6.02	(0.10)	(0.16)	(0.03)
	6. Past Service Cost	–	–	–	–
	7. Settlement Cost	–	–	–	–
	8. Losses/(gains) on acquisition / divesture	2.47	–	–	–
	9. Total Expense	10.94	0.05	(0.06)	0.16
II	Net Asset / (Liability) recognised in the Balance Sheet as at December 31, 2007				
	1. Present Value of Defined Benefit Obligation	(42.39)	(0.68)	(0.35)	(1.33)
	2. Fair Value of Plan Assets	40.17	–	–	
	3. Funded Status [Surplus / (Deficit)]	(2.22)	(0.68)	(0.35)	(1.33)
	4. Net Asset / (Liability) as at December 31, 2007	(2.22)	(0.68)	(0.35)	(1.33)
III	Change in Obligation during the Year ended December 31, 2007				
	1. Current Service Cost Present value of Defined Benefit Obligation at the beginning of the year	25.95	0.91	0.42	1.18
	2. Current Service Cost	2.38	0.09	0.07	0.10
	3. Interest Cost	1.89	0.06	0.03	0.09
	4. Settlement Cost	–	–	–	–
	5. Past Service Cost	–	–	–	–
	6. Employee Contributions	–	–	–	–
	7. Liabilities assumed on acquisition/(settled on divesture)	7.15	–	–	–
	8. Actuarial (Gains)/Losses	7.81	(0.10)	(0.16)	(0.03)
	9. Benefits Payments	(2.79)	(0.28)	-	-
	10. Present Value of Defined Benefit Obligation at the end of the year	42.39	0.68	0.36	1.33
IV	Change in Assets during the Year ended December 31, 2007				
	1. Plan Assets at the beginning of the year	24.39	–	–	–
	2. Assets acquired on amalgamation in previous year	4.69	–	–	–
	3. Settlements	–	–	–	–
	4. Expected return on plan assets	1.82	–	–	–
	5. Contributions by employer	10.28	0.28	–	–
	6. Actual Benefit Paid	(2.79)	(0.28)	–	–
	7. Actuarial Gains/(Losses)	1.78	–	–	–
	8. Plan Assets at the end of the year	40.17	–	–	–
	9. Actual Return on plan assets	2.20	–	–	–

V The major categories of plan assets as a percentage of total plan
Qualifying Insurance policy 100%

		1% increase	1% decrease
VI	Effect of One percentage point change in the assumed Medical Inflation rate	1% increase	1% decrease
	Increase/ (Decrease) on aggregate service and interest cost	0.04	(0.04)
	Increase/ (Decrease) on Present value of Defined Benefit Obligation as at December 31, 2007	0.27	(0.22)

VII Actuarial Assumptions:

1.	Discount Rate	8.05% p.a.
2.	Expected rate of return on plan assets	7.50% p.a.
3.	Mortality	LIC (1994-96) mortality tables
4.	Turnover rate	Age 21-44 - 2%, Age 45 -57 - 1%
5.	Medical premium inflation	5% p.a.
6.	Salary Escalation	7% p.a.

VIII Provident Fund
Pending the issuance of the Guidance Note from the Actuarial Society of India , the Company's actuary has expressed his inability to reliably measure the provident fund liability. However the Company , on a conservative basis has made provision for the deficit in the fund. The deficit as at 31st December, 2007 amounted to Rs.0.20 crores has been charged to the Profit and Loss Account.

IX Amounts recognized as an expense in respect of defined benefit plans as under :

		2007
a)	Gratuity	9.29
b)	Shipping Staff Gratuity	0.05
c)	Post Retirement Medical Benefits	0.16
		9.50

(c) Amount recognised as an expense in respect of Compensated Leave Absences is Rs 6.35 crores.

(d) Basis used to determine expected rate of return on assets:

The expected return on plan assets is based on market expectation, at the begening of the period, for returns over the entire life of the related obligation. The Gratuity Scheme is invested in a Group Gratuity-cum-Life Assurance cash accumulation policy offered by Life Insurance Corporation (LIC) of India. The investment return earned on the policy comprises bonuses declared by LIC having regard to LIC's investment earnings. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. We understand that LIC's overall portfolio of assets is well diversified as such, the long-term return on the policy is expected to be higher than the rate of return on Central Government Bonds. Historically too, the returns declared by LIC on such policies have been higher than Government bond yields. As such, the expected return on assets assumption is taken by adding a margin of 0.5% on the current market yield on the Central Govenment bonds (of term consistent with the terms of liabilities).

(e) The estimates of future salary increases, considered in acturial valuation, take account of inflation, seniority, promotion and other relevent factors, such as supply and demand in the employment market.

11. Employee Stock Option Plans :

The Company has provided various share based payments to its employees. During the year ended December 31, 2007, the following schemes were in operation:

	Particulars	**2000-01**	**2001-02**	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2007**
a)	Date of grant	13.11.2000	19.10.2001	24.10.2002	21.01.2004	10.03.2005	07.11.2005	07.06.2007
b)	Date of Board Approval	08.08.2000	03.08.2001	20.08.2002	31.07.2003	23.07.2004	24.06.2005	11.01.2007
c)	Date of Shareholders Approval	6.10.2000	05.10.2001	11.10.2002	06.10.2003	18.10.2004	10.10.2005	26.03.2007
d)	Number of options granted	970700	711,100	815,800	864,600	812,325	873,075	7,386,750
e)	Method of Settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity	Equity	Equity
f)	Vesting period from the date of Grant	Equally in 4 years	1 year	1 year	1 year	1 year	1 year	1 year
g)	Exercise period from the date of Vesting	Equally in 4 years	5 year	5 year	5 year	4 year	4 year	4 year
h)	Vesting Condition							

SCHEDULE 'U' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

The details of activity under the ESOP schemes have been summarised below :

	Particulars	2007 (12 Months) Number of Shares	2007 (12 Months) Weighted Average Exercise price (Rs.)	2005-06 (18 Months) Number of Shares	2005-06 (18 Months) Weighted Average Exercise price (Rs.)
a)	Outstanding at the beginning of the year	**8,216,938**	**57.03**	14,913,714	43.04
b)	Granted during the year	**7,386,750**	**113.00**	4,365,375	69.60
c)	Forfeited during the year	**–**	–		
d)	Exercised during the year	**5,546,832**	**60.01**	10,981,588	51.97
e)	Expired during the year	**364,843**	**57.03**	80,563	43.04
f)	Outstanding at the end of the year	**9,692,013**	**99.69**	8,216,938	57.03
g)	Exercisable at the end of the year	**2,560,813**	**55.87**	8,216,938	57.03
h)	Weighted average remaining contractual life (in years)	**4.30**		3.44	
i)	Weighted average fair value of options granted	**82.35**		32.19	

The weighted average share price at the date of exercise for stock options was Rs.115.26

The weighted average share price for the period over which stock options were exercised was Rs.130.70

The details of exercise price for stock options outstanding at the end of the year i.e.31st December, 2007

ESOP Plans	2007 Number of options outstanding	2007 Weighted average remaining contractual life of options (in year)	2007 Weighted average exercise price (Rs. per share of Rs. 2 each)	2005-06 Number of options outstanding	2005-06 Weighted average remaining contractual life of options (in year)	2005-06 Weighted average exercise price (Rs. per share of Rs. 2 each)
2000-01	**35,900**	**1.90**	**18.40**	42,525	2.90	18.40
2001-02	**–**	**–**	**20.00**	20,000	0.80	20.00
2002-03	**12,000**	**0.80**	**22.13**	17,700	1.80	22.13
2003-04	**39,650**	**2.10**	**41.33**	190,150	3.10	41.33
2004-05	**110,175**	**2.20**	**59.07**	416,550	3.20	59.07
2005-06	**215,575**	**2.90**	**69.60**	613,000	3.90	69.60
2007	**7,131,200**	**4.40**	**113.00**			

Stock Options granted

The weighted average fair value of stock options granted for the year was Rs.29.28. The Back Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Variables	**2007**	2005-2006
Grant date	**07.06.2007**	07.11.2005
Stock Price (Rs.per share)	**109.55**	73.05
Volatility	**33.73%**	32.22%
Risk free rate	**7.89%**	6.44%
Exercise price	**113.00**	69.60
Time to Maturity	**3**	3
Dividend yield	**2.22%**	2.71%
Option fair value (Rs. per share)	**29.28**	19.21

Effect of the employee share based payment plans on the Profit and Loss Account and on its financial position:

	2007 Rs. in Crores	2005-2006 Rs. in Crores
Total Employee Compensation Cost pertaining to share based payment plans	**–**	1.47
Compensation cost pertaining to equity settled employee share based payment plan included above	**–**	1.47
Liability for employee stock options outstanding as at year end	**0.38**	1.09
Deferred Compensation Cost	**–**	–

Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as under :

	2007	2005-2006
	Rs. in Crores	Rs. in Crores
Profit as reported	**1,846.31**	1,689.38
Add: Employee stock compensation under intrinsic value method	**–**	1.47
Less: Employee stock compensation under fair value method	**20.88**	11.74
Proforma profit	**1,825.43**	1,679.11
Earning per share (Rs.)		
Basic :		
– As reported	**12.14**	11.19
– Proforma	**12.01**	11.12
Diluted :		
– As reported	**12.12**	11.15
– Proforma	**11.98**	11.08

12. Change in accounting policy :

    During the year, the Company has made provision for the employee benefits in accordance with the Accounting Standard - 15 (revised 2005) "Employee Benefits" (AS-15) which has become applicable to the Company. Consequent to the change, the employee cost for the year is lower by Rs. 7.31 crores and the provision for employee benefits as at the year ended 31st December, 2007 is higher by Rs. 6.17 crores. Further in accordance with the transitional provision of AS-15, the additional provision towards Employee Benefits as at January 1, 2007 amounting to Rs. 8.90 Crores (net of deferred tax liability of Rs. 4.58 crores) has been adjusted to the General Reserves.

13. Amalgamation of Indo Nippon Special Cements Limited (INSCL), a wholly owned subsidiary:

    (a) Pursuant to the Scheme of Amalgamation sanctioned by the Honourable High Court of Gujarat at Ahmedabad on 9th January, 2007, the entire business and all assets and liabilities of erstwhile Indo Nippon Special Cements Limited (INSCL), has with effect from 1st July, 2005, stood transferred and vest in the Company. Accordingly, the said assets, liabilities and transactions have been incorporated in these financial statements.

    (b) The amalgamation has been accounted for under the "pooling of interest" method as prescribed by the Accounting Standard AS-14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Accordingly the accounting treatment has been given as under :

    (i) The assets and liabilities as at 1st July, 2005 have been incorporated in the financial statements of the Company at their carrying values in the books of erstwhile INSCL.

    (ii) In terms of the Scheme of Amalgamation, the Company has acquired net assets having Book Value of Rs. 0.51 Crore.

    (iii) Credit balance in the Profit and Loss Account of INSCL amounting to Rs.0.21 crore as at 1st July, 2005 has been credited to Profit and Loss Account of the Company.

14. The Company's subsidiary Cement Ambuja International Limited ('CAIL'), Mauritius has initiated the voluntary winding up proceedings under the Company Act, 2001, Mauritius and has repaid the outstanding paid up capital and accumulated reserves to the Company during December 2006. CAIL is in the process of seeking necessary regulatory approvals to complete the liquidation, pending which the Company continues to be a member of CAIL.

15. Hitherto, while computing the income tax provision, the Company had considered sales tax incentives for certain units as capital receipts not liable to tax, based on expert advice obtained and favourable decisions of the Income Tax Appellate Tribunal on similar issue.

    During the year, the above tax treatment was reconsidered in view of subsequent contrary decisions of High Court and accordingly, the Company as a matter of prudence, recognised tax provision on these sales tax incentives. The Company has also recognised tax liability amounting to Rs. 202 crores and interest of Rs. 16.80 crores relating to earlier years.

16. The previous period figures are for eighteen months period ended 31st December, 2006. Hence, the current year figures are not comparable with those of the previous period.

17. Figures less than Rs. 50,000/- have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lac.

18. Figures of the previous year have been regrouped wherever necessary to conform to this year's classification.

Signatures to Schedules 'A' to 'U'

As per our report of even date

S.R.BATLIBOI & ASSOCIATES
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai, 1st February, 2008

For and on behalf of the Board

B.L. Taparia
Whole-time Director & Company Secretary

David Atkinson
Chief Financial Officer

Suresh Neotia
Chairman

M.L. Bhakta
Chairman - Audit Committee

A.L. Kapur
Managing Director

N.S. Sekhsaria – Vice Chairman

Markus Akermann
Rajendra P. Chitale
Shailesh Haribhakti
Nirmalya Kumar
Omkar Goswami
} Directors

P. B. Kulkarni
N.P. Ghuwalewala
} Whole-time Directors

INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES

(Required to be disclosed in the Annual Report Pursuant to letter No. 47/32/2008-CL-III dated 07.02.2008 of the Ministry of Corporate Affairs, exempting the Company from attaching the Annual Reports and other particulars of its Subsidiary Companies u/s 212 of the Companies Act, 1956.)

(Rs. In Crores)

Name of Subsidiary Company	Ceylon Ambuja Cements (Private) Limited	Midigama Cements (Private) Limited (Note 1)	M.G.T. Cements (Private) Limited (Note 2)	Chemical Limes Mundwa (Private) Limited (Note 2)	Kakinada Cements Limited
Financial Year ends on	31.12.2007	31.12.2007	31.12.2007	31.12.2007	31.12.2007
Share Capital	30.15	5.00	0.75	0.14	0.05
Reserves & Surplus	(27.04)	(3.58)	(0.34)	(0.26)	(0.03)
Total Assets (Fixed Assets + Investments + Current Assets)	28.45	1.42	0.54	0.28	0.02
Total Liabilities (Debts + Current Liabilities)	25.34	0.00	0.13	0.40	0.00
Investments (excluding investments in subsidiary companies)	–	–	–	–	–
Turnover	112.60	–	–	0.00	–
Profit before Taxation	(11.54)	(0.61)	(0.06)	(1.50)	(0.00)
Provision for Taxation	1.08	–	–	–	–
Profit after Taxation	(12.62)	(0.61)	(0.06)	(1.50)	(0.00)
Proposed Dividend	–	–	–	–	–

Note: 1. This company is wholly owned subsidiary of Ceylon Ambuja Cements (Private) Limited.

2. As per requirement of provisions of Section 212 of Companies Act, 1956 the figures of Turnover, Profit before Tax, Provision for Tax and Profit after Tax of M.G.T. Cements (P) Ltd., and Chemical Limes Mundwa (P) Ltd. include figures for the period ended 31.12.2007 and for previous year also.

For and on behalf of the Board

B.L. Taparia
Whole-time Director & Company Secretary

Suresh Neotia
Chairman

N.S. Sekhsaria – Vice Chairman

Markus Akermann
Rajendra P. Chitale
Shailesh Haribhakti
Nirmalya Kumar
Omkar Goswami
Directors

M.L. Bhakta
Chairman - Audit Committee

David Atkinson
Chief Financial Officer

A.L. Kapur
Managing Director

P. B. Kulkarni
N.P. Ghuwalewala
Whole-time Directors

Mumbai, 12th February, 2008